

# Town of Grafton, Massachusetts



## HOUSING PRODUCTION PLAN ? 2023

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## **TOWN OF GRAFTON HOUSING PRODUCTION PLAN**

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## **Section I**

### **EXECUTIVE SUMMARY**

This Housing Production Plan (HPP) is intended to help the Town of Grafton obtain an updated understanding of the current housing dynamic, revisit priority housing needs, and develop a roadmap for addressing these needs over the next five years. This work builds on prior planning efforts including the Town's 2006, 2013 and 2018 Housing Plans.

Based on the Massachusetts Department of Housing and Community Development's most recent data on the Subsidized Housing Inventory (SHI), Grafton had 7,750 year-round housing units, of which 388 are currently eligible for inclusion in the SHI, representing those units that comply with state affordability requirements under Chapter 40B. This translates into an affordability level of 5%. While still vulnerable to losing control over housing development through Chapter 40B comprehensive permit applications, the Town is poised to make considerable progress towards the 10% affordability threshold in the coming years based on proposed projects.

#### ***Demographic Challenges***

While slowing down somewhat since 2010, Grafton has been among the fastest growing communities in the Commonwealth, putting significant pressures on local services and the housing market. Regional growth has been primarily due to people migrating from the southern or eastern parts of the state, where housing costs are significantly higher, in search of more affordability. This growth has translated into increased housing demand that, in tandem with more limited housing production, has resulted in escalating housing prices. Such rising housing costs make it more difficult for existing residents or those who were raised in the community to find or retain affordable living options locally.

Demographic shifts are also occurring which have a bearing on housing needs. Trends indicate that gains in the proportion of older residents and declines in younger people will continue. Because of their increasing numbers, reliance on fixed incomes, and unique needs, a substantial segment of Grafton seniors will require smaller, more affordable, and accessible dwelling units as well as assisted living arrangements. When asked what the major housing problem was for seniors, a representative of the Council on Aging immediately responded, "It is the number one problem for seniors. The booming housing market has driven rental prices beyond what seniors can afford with senior owners scrambling to pay housing costs with little or no affordable places to downsize."

Despite this growing population of seniors, buoyed by the baby boom generation, housing for younger people is a pressing need given the ongoing declines of younger age groups, the expected continued prevalence of seniors remaining in their homes, and lack of inventory for local workers. To maintain the community's social and economic diversity, it is important to work towards providing more affordable and appropriately-sized housing opportunities. Consequently, the Town will largely target its affordable housing efforts on the development of affordable rental options for younger households and the increasing numbers of older, long-term residents with fixed incomes looking to downsize. Many such units are in the development pipeline.

The Town recognizes, however, that homeownership opportunities for first-time purchasers and low- to moderate-income empty nesters should also be part of its housing agenda. Moreover, because of the high level of residents who claim a disability, another identified priority housing need is the inclusion of handicapped accessibility and support services in new housing development. This Housing

Plan also recognizes the need for resources that will help owners make important health and safety related property improvements.

### ***Affordability Challenges***

As housing values continue to rise, it is becoming increasingly difficult for individuals and families to find affordable housing in the private market; and the private market, without subsidies or zoning relief, is unable to produce housing that is affordable to low- and moderate-income households. As a result, it becomes necessary to increasingly rely on regulatory relief and housing subsidies in some form to preserve affordable housing and make progress towards addressing existing affordable housing needs and demands. High market prices for both the purchase and rental of housing have generated concerns that many long-term residents might be experiencing difficulties paying their taxes, insurance or utility bills as well as properly maintaining their homes or affording market rentals.

While there are many more owner-occupied units than rentals in Grafton, the number of unmet housing needs based on cost burdens (paying more than 30% of income on housing) is proportionately considerably higher for rentals. For example, one-third of renters had cost burdens which is markedly higher than the percentage of 21% for owners. Regarding severe cost burdens (paying more than half of income on housing) 22% of renters were experiencing such affordability challenges compared to 7.4% of owners.

### ***Affordability Gaps***

As prices rise, so do affordability gaps and cost burdens. To afford the median sales price of a single-family home of \$537,500, based on The Warren's Group's data as of the end of 2022, a household would have to earn an estimated \$149,000 assuming 80% financing and the ability to come up with down payment and closing costs of more than \$110,000.<sup>1</sup> This income is almost double the 2022 80% AMI limit for a household of three at \$79,800.<sup>2</sup> The income required in the case of 95% financing would be higher at \$174,600.<sup>3</sup>

The average Grafton household, based on the median household income of \$107,237, could likely afford a home costing no more than about \$395,000.<sup>4</sup> There is therefore an affordability gap of about \$142,500 - the difference between the median priced single-family home (\$537,500) and what a median income household can afford (\$395,000) based on 80% financing. Once again, these purchasers must have substantial cash on hand for the 20% down payment plus additional closing and moving costs, which effectively widens the affordability gap considerably and makes housing access much more challenging for first-time homebuyers.

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<sup>1</sup> Figures based on 80% financing, interest of 6.5%, 30-year term, annual property tax rate of \$15.71 per thousand, and insurance costs of \$6 per \$1,000. Also based on the purchaser spending no more than 30% of gross income on mortgage (principal and interest, taxes, and insurance).

<sup>2</sup> Area Median Income (AMI) is the estimated median income, adjusted for households/family size, by metropolitan area (or county in nonmetropolitan areas) that is adjusted by HUD annually and used as the basis of eligibility for most housing assistance programs. Grafton is part of the Worcester Metropolitan Statistical Area. See Table II-22 for the 2022 income limits.

<sup>3</sup> Figures based on 95% financing and above assumptions.

<sup>4</sup> Figures based on 80% financing, interest of 6.5%, 30-year term, annual property tax rate of \$15.71 per thousand, and insurance costs of \$6 per \$1,000. Also based on the purchaser spending no more than 30% of gross income on mortgage (principal and interest, taxes, and insurance).

The affordability gap widens to about \$278,500 if the analysis focuses on those low- and moderate-income households earning at the 80% of area median income (AMI) limit, or \$79,600 for a family of three (3), who can afford a house costing no more than about \$259,000 based on 95% financing.<sup>5</sup> The gap would be smaller, at \$242,500, if the purchaser accessed 80% mortgage financing. The segment of Grafton's housing stock within this purchase price is disappearing given rising market prices.

#### *Cost Burdens*

HUD Comprehensive Housing Affordability Strategy (CHAS) data suggest that 24% of Grafton households were paying too much for their housing and 620 households or about 9% of all households were spending more than half of their income on housing costs. Almost one-third of all households had incomes at or below 80% of area median income and might qualify for housing assistance based solely on income, including 1,010 renter households (or 61% of all renter households) and a somewhat higher number of owner households but lower proportionately (1,214 or 23% of owner households). The very high level of unmet housing need, based on cost burdens, for those with incomes at or below the 80% AMI level, suggests a shortfall of 1,695 affordable units.

**According to the CHAS data, of the 2,224 households earning at or below 80% median family income, 1,298 or 58% were overspending including 615 or 28% who were spending more than half of their income on housing costs, up from one-quarter a decade ago.**

First-time home purchasers are particularly challenged by increasing interest rates as well as stringent lending criteria in response to the recession that occurred more than a decade ago that precipitated higher down payment requirements and rigorous credit standards. Other homeowners have found that rising taxes, energy, insurance, and other housing-related costs are much more difficult to afford.

The situation is difficult for renters as well. Market rents are also high with a typical rent of \$1,500 for a two-bedroom apartment, requiring an income of about \$70,000. This income is much higher than the median renter household income of \$52,212 based on 2021 census estimates.

Rentals also exact high up-front cash requirements, often including first and last month's rent and a security deposit. Credit checks and other references also place barriers to securing housing for some. Information from the Grafton Housing Authority further suggests that there are hundreds of applicants for their subsidized units with long waits, particularly for family units.

#### ***Summary of Housing Production Goals***

The state administers the Housing Production Program that enables cities and towns to adopt an affordable housing plan that demonstrates production of 0.50% over one year or 1.0% over two-years of its year-round housing stock eligible for inclusion in the Subsidized Housing Inventory (SHI). Grafton would have to produce at least 39 affordable units annually based on these goals. If the state certifies that the locality has complied with its annual production goal, the Town may be able, through its Zoning Board of Appeals, to deny comprehensive permit applications without the developer's ability to appeal.

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<sup>5</sup> This analysis assumes the ability of the purchaser to obtain subsidized mortgage financing from the ONE Mortgage Program or MassHousing mortgage offerings. Therefore, no private mortgage insurance (PMI) was included in the calculations and 95% mortgage financing was assumed.

the decision for either a one-year or two-year period.<sup>6</sup> Grafton received this certification, also referred to as “Safe Harbor,” for two years beginning in March 2022 for the 8 Pine Street/Village at Grafton Woods project. However, because building permits were not issued within one year, such certification expired. Other potential developments, however, should enable Grafton to obtain Safe Harbor status once again.

It is worth noting that the state’s subsidizing agencies have entered into an Interagency Agreement that provides guidance to localities concerning housing opportunities for families with children. As such, they are now requiring that at least 10% of the units in affordable production developments that are funded, assisted, or approved by a state housing agency have three or more bedrooms with some exceptions (e.g., age-restricted housing, assisted living, supportive housing for individuals, SRO’s. etc.).

### ***Summary of Housing Strategies (TBD)***

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<sup>6</sup> If a community has achieved certification within 15 days of the opening of the local hearing for the comprehensive permit, the ZBA shall provide written notice to the applicant, with a copy to DHCD, that it considers that a denial of the permit or the imposition of conditions or requirements would be consistent with local needs, the grounds that it believes have been met, and the factual basis for that position, including any necessary supportive documentation. If the applicant wishes to challenge the ZBA’s assertion, it must do so by providing written notice to DHCD, with a copy to the ZBA, within 15 days of its receipt of the ZBA’s notice, including any documentation to support its position. DHCD shall review the materials provided by both parties and issue a decision within 30 days of its receipt of all materials. The ZBA shall have the burden of proving satisfaction of the grounds for asserting that a denial or approval with conditions would be consistent local needs, provided, however, that any failure of the DHCD to issue a timely decision shall be deemed a determination in favor of the municipality. This procedure shall toll the requirement to terminate the hearing within 180 days.

## **Section II**

### **HOUSING NEEDS ASSESSMENT**

The Town of Grafton has experienced major changes during the last several decades with substantial population growth, demographic shifts, increasing affluence for many, and rising housing prices. This Housing Needs Assessment presents an overview of the current housing dynamic in Grafton, providing the context within which a responsive set of strategies can be developed to address housing needs and meet production goals. In general, the migration of those from eastern and southern parts of the state, where housing prices are significantly higher, has translated into increased housing demand that, in tandem with more limited housing production, has resulted in escalating housing prices. Such rising housing costs make it more difficult for existing residents, those who were raised in the community, and others who want to move into Grafton to be closer to their jobs or families to find or retain affordable living options locally.

#### **A. Demographic Profile**

It is important to closely examine demographic characteristics and trends to understand the composition of the population and how it relates to current and future housing needs. Major findings in this analysis include:

- Continued population growth with almost 2,000 new residents between 2010 and 2020 to a population of 19,664 based on the 2020 decennial count. Population projections by the Central Massachusetts Regional Planning Commission (CMRPC) show continuing growth to almost 21,000 residents in 2030 which will put continued pressure on the housing market fueling rising prices.
- Substantial increase in the minority population to 4,400 residents and 22.5% of the population based on 2021 census estimates. This influx of more racially diverse residents is also reflective of the continued migration of new residents into the region and Grafton specifically.
- While the total population increased by 10% between 2010 and 2021, the number of households grew by 8.4%, suggesting that households are getting somewhat larger.
- While the number of family households has increased over the decades, they decreased to two-thirds of all households by 2021, with significant gains in nonfamily households, mostly single individuals. This suggests a growing need for smaller unit alternatives in town.
- Grafton has been losing children under age 18 with substantial increases in middle-age and older residents. Population projections suggest a continuation of these trends. The increase in more middle-aged residents is likely correlated with the arrival of new households from places outside of the Worcester area that have more income to afford the rising housing prices.
- Substantial increases in older residents, fueled by the baby boomers, will require opportunities for downsizing as well as some focus on home safety modifications and support services.

#### **1. *Population Growth – Persistent growth, expected to continue***

Grafton had been among the fastest growing communities in the Commonwealth which has put significant pressure on local services and the housing market. This growth has continued, but the rate of growth slowed down somewhat during the last decade as indicated in Table II-1. Between 1960 and 1990 for example, the population increased by 46% or by 4,092 residents and then through 2010 grew by another 36% adding 4,730 residents.



The 2020 decennial census indicated that the town had a total population of 19,664, representing a gain of 1,899 residents since 2010 or a 10.7% increase. The number of new residents in this period, while lower than between 2000 and 2010, is comparable to the gains in in the 1990s and 2000s.

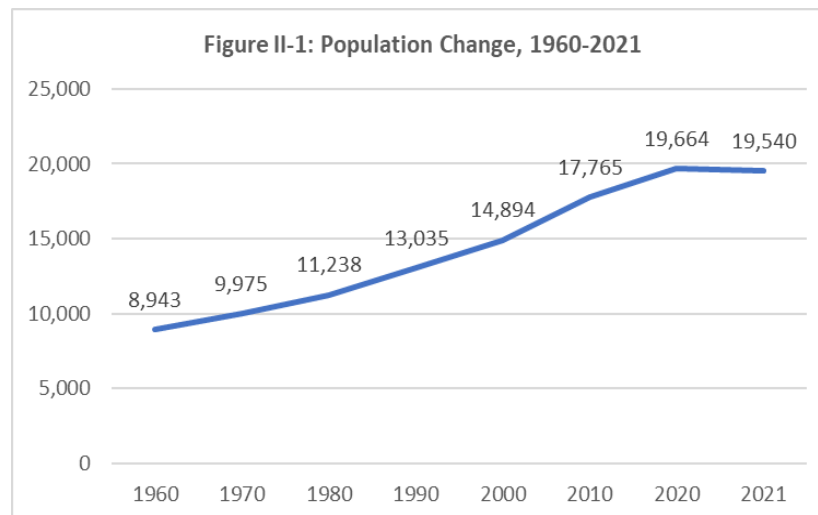
The southeast subregion of Central Massachusetts, which includes Grafton,<sup>7</sup> has largely experienced greater population growth in comparison to other parts of the region I due to its relative proximity and easy access to several large population and job centers (Worcester, Boston, and Providence). This subregion was the only one that did not lose jobs in the last decade or so with growth expected to continue at a modest rate, according to CMRPC.

**Table II-1: Population Change, Grafton MA, 1960-2021**

Year	Population	Change in Number of Residents	Percent Change
1960	8,943*	--	--
1970	9,975*	1,032	11.5%
1980	11,238	1,263	12.7%
1990	13,035	1,797	16.0%
2000	14,894	1,859	14.3%
2010	17,765	2,871	19.3%
2020	19,664	1,899	10.7%
2021	19,540	-124	-0.6%

Source: U.S. Census Bureau, decennial figures and American Community Survey 5-Year Estimate 2017-2021; Town Records. \*Figures exclude State Hospital population of 1,684 residents in 1960 and 1970. The Hospital was closed in 1975.

This population growth in Grafton is graphically presented in Figure II-1, showing steady growth through 2021 with a minor fall-off according to 2021 census estimates. Population growth between 2010 and 2020 was almost 11% compared to a somewhat higher level of 12.5% for Worcester County but much lower level of growth of 7.4% statewide.



<sup>7</sup> Other towns in the subregion include Blackstone, Douglas, Hopedale, Mendon, Millbury, Millville, Northbridge, Sutton, Upton and Uxbridge.

Town records counted 18,328 residents as of February 1, 2023, much lower than census counts for 2020 and 2021. These Town census figures have been consistently lower than U.S. Census figures.

Population projections suggest growth of 18% from 2010 to 2030 for a total population of 20,970 residents according to the Central Massachusetts Regional Planning Commission (CMRPC). Projections provided by the Metropolitan Area Planning Council (MAPC) indicate a higher increase to 23,146 residents for a growth rate of 30% with the State Data Center at the Donahue Institute of the University of Massachusetts projecting population growth in between these figures to 22,338 residents by 2030 or a 26% rate of growth since 2010. Given recent growth, it appears that the CMRPC figures may be more realistic than MAPC and the State Data Center projections.

## **2. *Racial Composition – Substantial increases in minority residents***

As indicated in Table II-2, the population has remained predominately White, but minority residents

**The minority population more than doubled between 2010 and 2021, growing from 2,017 to 4,400 residents or from 11.4% to 22.5% of all residents. Many of these residents have also been attracted to Grafton from other areas due to relatively more affordable housing prices.**

have been steadily increasing from 55 residents in 1980, or only 0.5% of the population, to 2,017 or 11.4% by 2010, and then up to 3,900 residents and about 20% of all residents based on the 2020 census decennial count. The 2021 census estimates show a further increase to 4,400 minority residents and 22.5% of the population. About 42% of the 2021 minority population (1,833 residents) identified as Asian, down from two-thirds in 2010. Another 11% claimed Black or African American heritage (473 residents) and 36% claimed they were of two or more races (1,573 residents). Census estimates also suggest that 1,346 residents claimed Hispanic or Latino descent.

## **3. *Household Composition – Increases in smaller, nonfamily households***

While the total population increased by 10% between 2010 and 2021, the number of households grew by 8.4%, suggesting that households are getting somewhat larger. This is also reflected in the slight increase in average household size from 2.56 to 2.57 persons during this period, compared to 2.54 persons in 2000, as presented in Table II-2. This is a reversal of trends that occurred between 1980 and 2000 when households were getting smaller; the average household size declined from 2.90 to 2.54 persons.

The table also shows that nonfamily households are becoming a more significant part of Grafton, representing 34% of households, up from 31.3% in 2010 and 21.3% in 1980.<sup>8</sup> The aging of the population in combination with increasing numbers of young singles and couples explains some of this increase.

While family households have increased over the decades, they decreased as a proportion of all households from 78.7% in 1980, to 68.7% in 2010, and then down further to 66% in 2021.

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<sup>8</sup> Nonfamily households are defined by the U.S. Census Bureau as households including single individuals or unrelated members.

**Table II-2: Demographic Characteristics, 1980-2021**

	1980		1990		2000		2010		2021	
	#	%	#	%	#	%	#	%	#	%
Total Population	11,238	100.0	13,035	100.0	14,894	100.0	17,765	100.0	19,540	100.0
Minority Pop*	55	0.5	363	2.8	608	4.1	2,017	11.4	4,400	22.5
Total Households	3,881	100.0	4,799	100.0	5,694	100.0	6,892	100.0	7,468	100.0
Family Households**	3,055	78.7	3,533	73.6	3,952	69.4	4,736	68.7	4,930	66.0
Nonfamily Households**	826	21.3	1,266	26.4	1,742	30.6	2,156	31.3	2,538	34.0
Average Household Size	2.90 persons		2.64 persons		2.54 persons		2.56 persons		2.57 persons	

Sources: U.S. Census Bureau 1980, 1990, 2000 and 2010 and American Community Survey 5-Year Estimates 2017-2021. \*All Non-White classifications \*\* Percent of all households

**There was a decrease in the percentage of married couple households with children under 18, from 29% in 2010 to 27% in 2021, but with a numerical increase from 1,805 to 2,030 such households.**

Table II-3 examines the types of households by household size. Single-person households comprised about 26% of all households in 2021, up from 24% in 2010 and with a gain of 263 such households. Of the 1,928 single-person households in 2021, 777 or 40% were 65 years of age or older. There were also 2,305 two-person households in 2021, up from 2,237 such households in 2010. The 2021 estimates also suggest a slight trend towards more small families of three and four persons, from 2,361 to 2,490 between 2010 and 2021 to one-third of all

households. Large families of five or more persons increased from 572 households to 609 between 2010 and 2021. The data continues to suggest more household diversity in Grafton, which lends itself to the need for a more diversified housing stock to accommodate different household types.

**Table II-3: Types of Households by Size, 2010 and 2021**

Households by Type and Size	2010		2021	
	#	%	#	%
<b>Nonfamilies</b>	<b>2,158</b>	<b>31.3</b>	<b>2,538</b>	<b>34.0</b>
1-person	1,665	24.1	1,928	25.8
2-persons	434	6.3	474	6.4
3-persons	32	0.5	97	1.3
4-persons	14	0.2	16	0.2
5-persons	4	0.06	23	0.3
6-persons	2	0.03	0	0.0
7+ persons	0	0.0	0	0.0
<b>Families</b>	<b>4,736</b>	<b>68.7</b>	<b>4,930</b>	<b>66.0</b>
2-persons	1,803	26.2	1,831	24.5
3-persons	1,160	16.8	1,198	16.0
4-persons	1,201	17.4	1,292	17.3
5-persons	430	6.2	511	6.8
6-persons	111	1.6	96	1.3
7+ persons	31	0.4	2	0.03
<b>Total</b>	<b>6,892</b>	<b>100.0</b>	<b>7,468</b>	<b>100.0</b>

Source: U.S. Census Bureau, decennial census for 2010; American Community Survey 5-Year Estimates 2017-2021.

#### **4. Age Distribution – Significant increases of middle-age and older residents with declines in children**

As presented in Table II-4, there have been significant shifts in Grafton's age distribution over time including:

- *Declines in children*  
Those under 18 years of age decreased in proportion to the total population, from 28.8% in 1980, to 25.6% by 2010, and 22.8% in 2021. However, this population still increased in actual numbers, growing by 38% but still lower than the total population increase of 74%. Population projections identify continuing declines of this population through 2030.
- *Surprising increase in those 18 to 24 years of age*  
Census data identified an increase in the number of those aged 18 to 24 between 2010 and 2021, from 1,022 to 1,696 residents or from 5.8% to 8.7% of the population. This was somewhat surprising given past trends with declines in this age group.
- *Some recent gains in those aged 25 to 34*  
There have been general declines over the years in young adults aged 25 to 34, who are typically entering the job ranks and beginning their families. Nevertheless, there was a modest uptick in this population between 2010 and 2021, from 11.8% to 12.2% of all residents and a gain of 274 residents.
- *Fluctuations in the 35 to 44 age group*  
Over the decades the population of residents in the 35 to 44 age range has fluctuated significantly, from 1,319 residents in 1980, doubling to 2,756 by 2000, up further to 3,075 in 2010, and then down to 2,304 according to 2021 census estimates. Rising housing costs over the past decade may have precipitated some of this recent decline.
- *Substantial increases in middle-age residents*  
Those in the 45 to 54-age range increased substantially, from 10.2% of all residents in 1980, to 16.8% by 2010, and then up to 17.6% in 2021. This increase represented a gain of 2,302 residents and a 202% rate of change in contrast to total population growth of 74% during this period. The increase in more middle-aged residents is likely correlated with the arrival of new households coming from places outside of the Worcester area with higher incomes to afford the rising housing prices.
- *Considerable increases in older middle-age residents*  
Despite some fluctuations over the decades, there have been significant net increases in those older middle-age adults aged 55 to 64. For example, this age group decreased from 11.0% in 1980, to 7.8% by 1990, and then increased to 11.9% and 13.4% in 2010 and 2021, respectively. This population experienced a total increase of 113% over forty years. While many of these households are likely long-term residents, the increase suggests a considerable number of newcomers as well.

**Table II-4: Age Distribution, 1980-2021**

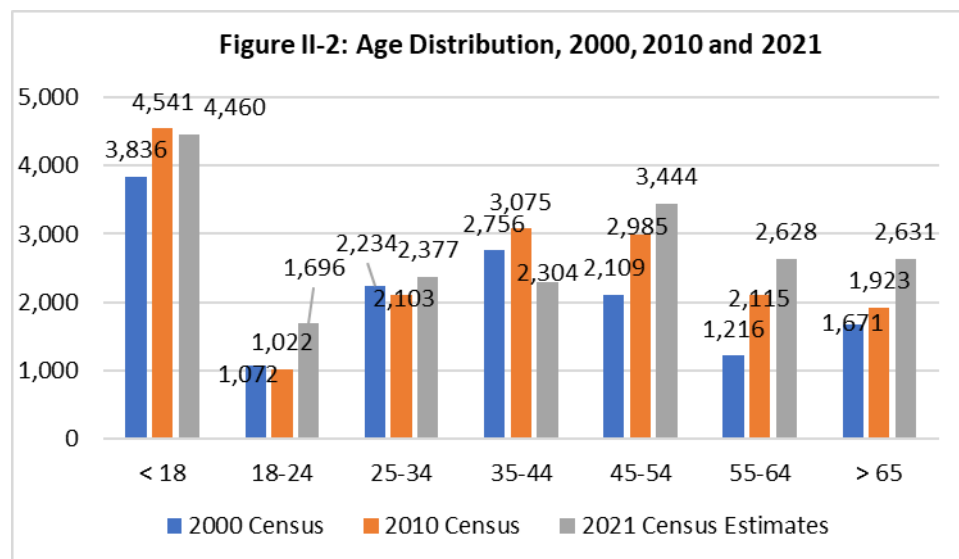
Age Range	1980		1990		2000		2010		2021	
	#	%	#	%	#	%	#	%	#	%
Under 5 Years	821	7.3	909	7.0	1,086	7.3	1,203	6.8	1,140	5.8
5 – 17 Years	2,410	21.4	2,239	17.2	2,750	18.5	3,338	18.8	3,320	17.0
18 – 24 Years	1,159	10.3	1,30	10.0	1,072	7.2	1,022	5.8	1,696	8.7
25 – 34 Years	2,003	17.8	4,649	35.7	2,234	15.0	2,103	11.8	2,377	12.2
35 – 44 Years	1,319	11.7			2,756	18.5	3,075	17.3	2,304	11.8
45 – 54 Years	1,142	10.2	1,354	10.4	2,109	14.2	2,985	16.8	3,444	17.6
55 – 64 Years	1,234	11.0	1,011	7.8	1,216	8.2	2,115	11.9	2,628	13.4
65 – 74 Years	706	6.3	998	7.7	860	5.8	1,063	6.0	1,526	7.8
75 – 84 Years	306	2.7	427	3.3	664	4.5	591	3.3	728	3.7
85 Years +	138	1.2	139	1.1	147	1.0	269	1.5	377	1.9
Total	11,238	100.0	13,035	100.0	14,894	100.0	17,765	100.0	19,540	100.0
Population <18	3,231	28.8	3,148	24.2	3,836	25.8	4,541	25.6	4,460	22.8
Population 65+	1,150	10.2	1,564	12.0	1,671	11.2	1,923	10.8	2,631	13.5
Median Age	--		--		35.9 years		39.2 years		40.3 years	

Source: 1980, 1990, 2000 and 2010 U.S. Census Bureau decennial figures; 2021 figures are from the American Community Survey 5-Year Estimates, 2017-2021

**Substantial increases in older residents, fueled by the baby boomers, will require opportunities for downsizing as well as some focus on home safety modifications and support services.**

- *Major increases in older adults*

Those 65 years and older represented 10.2% of the population in 1980, grew to 12.0% in 1990, then declined to 10.8% by 2010, prior to a notable increase to 13.5% by 2021, growing by 129%. There was a net gain of 708 such residents between 2010 and 2021 alone. This population is projected to increase to slightly more than 20% of all residents by 2030.



The Metropolitan Area Planning Council (MAPC) and State Data Center at the University of Massachusetts Donahue Institute prepare population projection with breakdowns in the age distribution as summarized in Table II-5. While the MAPC estimates suggest even higher overall growth than the

State Data Center projections, they both indicate substantial growth in those 65 years of age or older, from a level of 10.8% in 2010 to 18.1% and 20.3% for the MAPC and State Data Center, respectively. Both also project substantial decreases in categories of age 35 to 64. This decrease is likely in the older end of this age range as the large 45 to 64 cohort ages into retirement.

**Table II-5: Age Distribution, 2010 Census and MAPC and State Data Center Projections, 2030**

Age Range	2010 Census		MAPC		State Data Center	
	#	%	#	%	#	%
Under 5 Years	1,203	6.8	1,464	6.3	1,056	4.7
5 – 19 Years	3,642	20.5	4,526	19.6	3,683	16.5
20 – 34 Years	2,822	15.9	3,377	14.6	3,396	15.2
35 – 64 Years	10,278	57.9	9,593	41.4	9,574	42.9
65 + Years	1,923	10.8	4,186	18.1	4,629	20.7
Total	17,765	100.0	23,146	100.0	22,338	100.0

Sources: U.S. Census Bureau decennial figures 2010; MAPC Housing Portal, and University of Massachusetts, Donahue Institute, State Data Center.

Both projections also suggest some modest gains in the number of those 20 to 34 years old but with minor proportional losses, suggesting continued increases in young singles and couples. As to residents under age 20, the MAPC projections also estimate small decreases in the number and proportion of these residents, while the State Data Center indicates more substantial declines, from 27.3% of the population in 2010 to 22.2% by 2030. It is not unusual for there to be deviations between these forecasts.

## **B. Economic Profile**

This section examines income and other issues related to economic status with the following major findings:

- The median income of all households was \$107,237 based on 2021 census estimates from the American Community Survey, significantly higher than \$91,743 in 2010. This 2010 income level was almost twice that of \$56,020 in 1999 which signaled the period when the migration of newer residents from outside the region with more income to afford Grafton's rising housing prices was becoming apparent.
- Those with incomes of less than \$25,000 increased between 2010 and 2021, from 9.3% or 578

**Grafton is experiencing increasing income disparities with increases in lower income households in tandem with dramatic increases in higher income ones.**

residents in 2010, to 10.9% and 812 residents. This represented 40% increase - double the total growth of households over this period. This trend is concerning and correlated with increases in residents living below the poverty level,<sup>9</sup> increasing over the decades from 4% in 1979 to 6.5% in 2010 and up to 7.3% of all residents by 2021. Of particular concern is the growing number of seniors living in poverty, up to 14% of all those 65 years or older in 2021 from 5.9% in 2010.

<sup>9</sup> The 2022 federal poverty level from the U.S. Department of Health and Human Services was \$13,590 for an individual and \$23,030 for a three-person household, for example.

- On the other end of the income range, households with incomes of \$150,000 or more increased by 72% between 2010 and 2021, or from 24% to 34% of all households.
- The disparity of incomes by tenure is also reflected in median income levels of \$52,212 for renters and \$132,095 for homeowners.
- The \$1,244 average weekly wage of local business establishments translates into an annual income of about \$65,000, demonstrating that the incomes of those who work in Grafton are generally lower than those who live in town.
- Grafton has a high level of education attainment with 54% of residents over 18 having a Bachelor's degree or higher, which is correlated to Grafton's high income levels.
- Recent declines in school enrollment are projected to continue through the next decade from 3,189 students in the 2016-2017 school year for example to 2,762 students by 2032-2033. This trend correlates with the projected declines in children under age 18 through 2030.
- Of all Grafton's 19,513 residents in the civilian, noninstitutionalized population, 2,054 or 10.5% reported having a disability. This is somewhat lower than the proportions for the county and state at 12.6% and 11.7%, respectively, but still represents significant special needs within the Grafton community. Efforts to integrate affordable and accessible units into new housing production efforts will be important and are identified as a priority housing need.

#### **1. *Income Distribution – Greater affluence but significant income disparities***

Grafton households are, on average, becoming significantly more affluent as shown in Table II-6 and Figure II-3. The median income of all households was \$91,743 in 2010, up 63.8% from the 1999 median income of \$56,020 and more than four times the median income in 1979 of \$21,577. The 2021 census estimates, as reported in the American Community Survey (ACS), suggest an increase in median household income to \$107,237, double the 1999 median and an increase of 17% since 2010, but still less than the 24% rate of inflation during this period based on changes in the Consumer Price Index (CPI). Additionally, the proportion of those earning more than \$150,000 increased from 6.8% in 2000, to 23.9% in 2010, and up to more than one-third or 34.2% in 2021.

**Table II-6: Income Distribution by Household, 1979-2021**

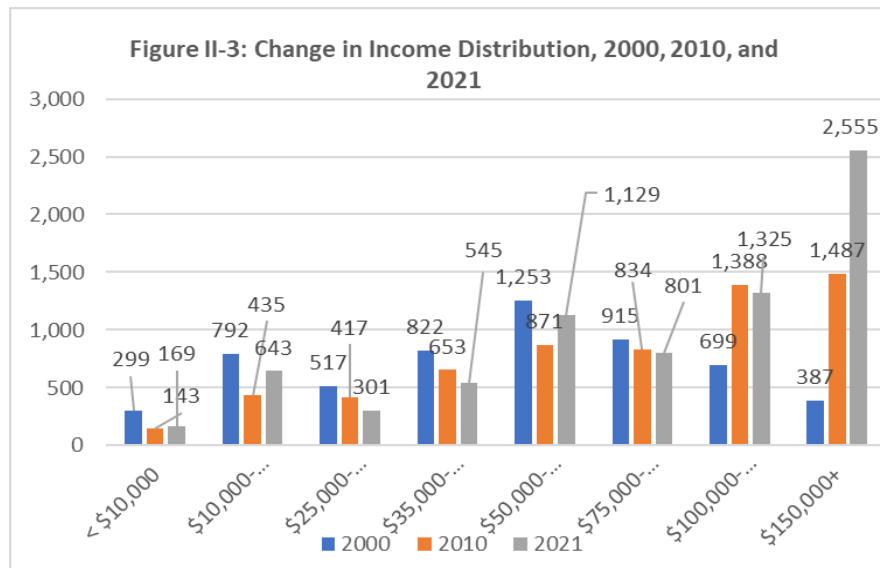
Income Range	1979		1989		1999		2010		2021	
	#	%	#	%	#	%	#	%	#	%
Under \$10,000	735	18.9	354	7.4	299	5.3	143	2.3	169	2.3
\$10,000-24,999	1,656	42.7	826	17.2	792	13.9	435	7.0	643	8.6
\$25,000-34,999	907	23.4	563	11.7	517	9.1	417	6.7	301	4.0
\$35,000-49,999	432	11.1	1,213	25.3	822	14.5	653	10.5	545	7.3
\$50,000-74,999	131	3.4	1,244	25.9	1,253	22.0	871	14.0	1,129	15.1
\$75,000-99,999	20	0.5	382	8.0	915	16.1	834	13.4	801	10.7
\$100,000-149,999			135	2.8	699	12.3	1,388	22.3	1,325	17.7
\$150,000 or more			81	1.7	387	6.8	1,487	23.9	2,555	34.2
Total	3,881	100.0	4,798	100.0	5,684	100.0	6,228	100.0	7,468	100.0
Median Household Income	\$21,577		\$42,310		\$56,020		\$91,743		\$107,237	

Source: U.S. Census Bureau 1980, 1990, and 2000 (Summary File 3) and American Community Survey 5-Year Estimates 2006-2010 and 2017-2021.

The 2021 census estimates show an increase in the number and percentage of those with incomes of less than \$25,000 over the past decade, from 9.3% or 578 residents in 2010 to 10.9% and 812 residents in 2021. This represented an increase of 40% - double the total growth of households over this period.



Consequently, there remains a population living in Grafton with very limited financial means. An additional 301 households had incomes in the \$25,000 to \$34,999 range, also likely struggling financially to remain in the community given rising housing-related costs.



These income levels in comparison to those for Worcester County are offered Table II-7 and indicate that residents of Grafton are on average more affluent than the county. For example, the percentage of those making at or below \$25,000 in Worcester County was about 16%, compared to Grafton which is about 11%. On the other end of the income range, those earning above the \$150,000 threshold included approximately 24% of households in Worcester County in comparison to 34% in Grafton. Grafton's median income was also substantially higher at \$107,237 versus \$84,952 for the county. The data reflects a growing gap in "middle-class" or "missing middle" incomes, subsequently affecting housing price points in today's market.

**Table II-7: Income Distribution by Household: Worcester County vs. Grafton, 2010 and 2021**

Income Range	Grafton				Worcester County			
	2010		2021		2010		2021	
	#	%	#	%	#	%	#	%
Under \$10,000	143	2.3	169	2.3	18,192	6.1	17,620	5.3
10,000-24,999	435	7.0	643	8.6	46,261	15.6	34,754	10.5
25,000-34,999	417	6.7	301	4.0	23,231	7.8	21,245	6.4
35,000-49,999	653	10.5	545	7.3	36,866	12.4	28,652	8.6
50,000-74,999	871	14.0	1,129	15.1	51,403	17.3	46,968	14.1
75,000-99,999	834	13.4	801	10.7	42,703	14.4	41,544	12.5
100,000-149,999	1,388	22.3	1,325	17.7	46,580	15.7	63,830	19.1
150,000 or more	1,487	23.9	2,555	34.2	31,059	10.5	78,822	23.7
Total	6,228	100.0	7,468	100.0	296,295	100.0	333,435	100.0
Median income	\$91,743		\$107,237		\$61,212		\$84,952	

Sources: U.S. Census Bureau American Community Survey 5-Year Estimates 2006-2010 and 2017-2021,

Table II-8 provides median income levels for various types of households based on 2021 census estimates. The median income of families was more than twice that of non-families, \$134,459 versus



\$54,304, a finding highly correlated with the greater prevalence of two workers in families and the high number of seniors living alone which are counted as non-families as well as the prevalence of younger singles and couples in the early stages of their careers. It is not surprising that besides those living in families, median income levels were highest among homeowners, those in the prime of their earning potential, and men.

**Table II-8: Median Income by Household Type, 2021**

Type of Household/Householder	Median Income
Individual/Per capita	\$52,350
Households	\$107,237
Families	\$134,459
Non-families*	\$54,304
Renters	\$52,212
Homeowners	\$132,095
Householder less than age 25	**
Householders aged 25 to 44	\$124,732
Householders aged 45 to 64	\$133,015
Householders aged 65 or more	\$52,440
Full-time, year-round male workers	\$93,460
Full-time, year-round female workers	\$72,668

Source: U.S. Census Bureau, American Community Survey 5-Year Estimates 2017-2021.

\*Includes persons living alone and unrelated household members. \*\*Sample size too small.

A comparison of 2010 and 2021 income levels for owners and renters is provided in Table II-9. An estimated 26% of renters had incomes of less than \$25,000 in 2021, compared to about 5% of homeowners. On the other hand, two-thirds of homeowners had incomes of more than \$100,000 compared to 14% of renters. The disparity of incomes by tenure is also reflected in median income levels of \$52,212 for renters and \$132,095 for homeowners. Nevertheless, the median for renters increased by 32% between 2010 and 2021, while significantly less at 14% for homeowners. As was the case with median household income, the 2021 median income for renter households is higher than both the county and state levels at \$44,707 and \$51,250, respectively. This is also the case for the median income of Grafton homeowners with median incomes of \$109,938 for the county and \$117,790 statewide. It is worth noting, however, that rising housing costs have offset increases in median incomes for many households.

**Table II-9: Income Distribution by Owner and Renter Households, 2010 and 2021**

Income Range	Renters				Homeowners			
	2010		2021		2010		2021	
	#	%	#	%	#	%	#	%
Under \$10,000	84	5.9	131	6.2	57	1.2	38	0.7
\$10,000-24,999	250	17.5	426	20.0	184	3.8	213	4.0
\$25,000-34,999	247	17.3	150	7.0	169	3.5	151	2.8
\$35,000-49,999	336	23.5	344	16.2	315	6.6	201	3.8
\$50,000-74,999	267	18.7	486	22.8	607	12.7	643	12.0
\$75,000-99,999	170	11.9	288	13.5	662	13.8	513	9.6
\$100,000-149,999	57	4.0	114	5.4	1,329	27.7	1,211	22.7
\$150,000 +	19	1.3	187	8.8	1,472	30.7	2,368	44.3
Total	1,430	100.0	2,127	100.0	4,795	100.0	5,341	100.0
	\$39,450		\$52,212		\$115,831		\$132,095	

Source: U.S. Census Bureau, American Community Survey 5-Year Estimates 2006-2010 and 2017-2021.

## 2. *Poverty – Increases in poverty, particularly among seniors*

Table II-10 presents changes in the numbers of residents living in poverty from 1979 to 2021, demonstrating overall increases in poverty. Census figures indicate that those with incomes below the poverty level<sup>10</sup> increased from 4% in 1979 to 7.3% by 2021, adding 270 residents to the poverty rolls. Between 2010 and 2021, the number and percentage of families living in poverty also increased from 2.5% to 3.7% or from 118 to 182 such households. Despite this increase in poverty among families, the number of children living in poverty (those under age 18) decreased from 4.7% to 4.1% during this period. A very concerning trend is the increase in older residents who were living in poverty, which has more than tripled between 2010 to 2021, from 113 to 374 residents 65 years or older, or from 5.9% to 14.2%.

**Table II-10: Poverty Status, 1979-2021**

Type of Resident	1979		1989		1999		2010		2021	
	#	%	#	%	#	%	#	%	#	%
Individuals*	602	4.0	643	5.0	828	5.6	1,156	6.5	1,426	7.3
Families**	125	3.2	70	2.0	89	2.3	118	2.5	182	3.7
Related Children Under 18 Years***	54	1.4	105	3.3	56	1.6	213	4.7	183	4.1
Individuals 65 and Over****	127	7.6	108	6.9	98	6.1	113	5.9	374	14.2

Source: U.S. Census Bureau 1980, 1990, and 2000 U.S. Census Bureau (Summary File 3) and American Community Survey 5-Year Estimates 2006-2010 and 2017-2021.

\*Percentage of total population \*\*Percentage of all families \*\*\*Percentage of all children under 18 years

\*\*\*\*Percentage of all individuals age 65+

While these levels of poverty are generally lower in comparison to the county and state (10% and 10.4% of all residents, respectively) they nevertheless demonstrate a concerning trend. As housing prices continue to rise, more of these residents will struggle to remain in the community or will be forced out in search of more affordable alternatives. This data should be viewed in consideration of the town's Subsidized Housing Inventory that included 388 subsidized housing units, the total of which is still insufficient to cover the housing affordability issues likely confronting this very vulnerable population. Moreover, most of the new affordable units that will be added to the SHI will have rents beyond what this population can afford.

## 3. *Employment – Expanding local employment with a diverse economic base*

Of those 15,703 Grafton residents over the age of 16 in 2021, 11,051 or 71% were in the labor market according to census estimates. This number is up from a labor force of 9,723 residents in 2010. It is also important to note that 72.6% of these workers drove alone to work, another 5.5% carpooled, and only 3.4% used public transportation. The average commuting time was 33.1 minutes, suggesting employment opportunities were typically located either in or near the Worcester area.

The 2021 census estimates also provide information on the concentration of Grafton residents in the labor force by industry, indicating that more than half (54.5%) were involved in management or

<sup>10</sup> The 2022 federal poverty level from the U.S. Department of Health and Human Services was \$13,590 for an individual and \$23,030 for a three-person household, for example.

professional occupations and the remainder employed in the lesser paying retail and service-oriented jobs that support the local economy including sales and office occupations (15.5%), service occupations (14.7%), production and transportation (10.6%), and construction and maintenance (4.7%). A total of 81.6% of Grafton's working residents were private salaried or wage workers, another 12.3% were government workers, and 6.1% were self-employed.

Detailed labor and workforce data from the state on employment patterns for those who work in Grafton is presented in Table II-11. This information shows an average employment in the community of 4,337 workers in 2021. The data also indicates a concentration of jobs in manufacturing, professional/technical services, educational services as well as health care or social assistance. The average weekly wage was \$1,244, which is almost one-half of Boston's average weekly wage at \$2,385 but relatively comparable to the \$1,261 average weekly wage for the City of Worcester. **The \$1,244 average weekly wage translates into an annual income of about \$65,000, demonstrating that the incomes of those who work in Grafton are on average lower than those who live in town.**

The state workforce data also shows an unemployment rate of 2.7% as of the end of 2022, down from 7.8% and 4.7% rates in 2020 and 2021, respectively, largely due to the pandemic. The unemployment level is only a bit lower than the 2.8% rate in 2019, indicating a return to pre-pandemic employment patterns. Unemployment rates for Boston and the City of Worcester at the end of 2022 were somewhat higher at 2.9% and 3.7%, respectively.

**Table II-11: Average Employment and Wages by Industry, 2021**

Industry	# Establishment	Total Wages	Ave. Workers	Ave. Weekly Wage
Agriculture, Forestry, Fishing,	3	\$782,418	22	\$684
Construction	55	\$19,316,603	298	\$1,247
Manufacturing	15	\$56,301,899	635	\$1,705
Wholesale Trade	26	\$8,736,801	83	\$2,024
Retail Trade	34	\$9,003,800	257	\$674
Transportation and Warehousing	11	\$8,159,341	117	\$1,341
Information	15	\$6,475,232	53	\$2,350
Finance and Insurance	12	\$4,515,049	69	\$1,258
Real Estate and Rental and Leasing	8	\$1,594,907	23	\$1,334
Professional/Technical Services	63	\$31,626,878	346	\$1,758
Management of Companies	4	\$2,790,420	21	\$2,555
Administrative and Waste Services	26	\$6,646,586	118	\$1,083
Educational Services	15	\$75,293,571	1,212	\$1,195
Health Care/Social Assistance	67	\$23,728,215	489	\$933
Accommodation and Food Services	23	\$7,357,560	273	\$518
Arts, Entertainment, Recreation	9	\$1,465,616	67	\$421
Other Services	46	\$5,552,302	144	\$741
<b>Total</b>	<b>441</b>	<b>\$276,069,017</b>	<b>4,337</b>	<b>\$1,224**</b>

Source: Massachusetts Executive Office of Labor and Workforce Development, March 1, 2023. Shaded areas include average employment of more than 300 workers.

#### **4. Education – High educational attainment and projected declines in future school enrollments**

The educational attainment of Grafton residents has largely improved over the years. In 2010, estimates suggest that 95.5% of those 25 years and older had a high school diploma or higher, and 54.3% had a Bachelor's degree or higher. This is double the 1990 figure of 24% with a college degree and higher. The

2021 census estimates indicate modestly higher attainment among those with a high school degree or higher, at 95.8%, but some decrease among those with a Bachelor's degree or higher at 53.8%.

Those enrolled in school (nursery through graduate school) totaled 4,960 or 27.9% of the population in 2010. The number of students remain relatively stable at 4,993 residents but is lower when compared to the proportion of the population at 25.5% of residents according to 2021 census estimates. Students enrolled in kindergarten through high school totaled 3,501 or about one-fifth of the population in 2010 and then dipped to 3,175 by 2021.

Grafton's Public School Department enrollment figures show a general trend toward increases in school enrollments with the number of students (pre-K through grade 12) increasing from 2,675 during the 2000-2001 school year, to 2,905 by 2011-2012, and then up to 3,189 in the 2016-2017 school year. More recently, however, there was a decline to 3,080 students in 2022-2023.

Public School enrollment projections from the New England School Development Council, prepared in 2022, suggest continuing decreases in the pre-kindergarten through high school enrollments to 2,762 students by 2032-2033.

#### **5. Disability Status – Decreasing but still significant special needs**

Of all Grafton's 19,513 residents in the civilian, noninstitutionalized population, 2,054 or 10.5% claimed a disability, lower than county and state levels at 12.6% and 11.7%, respectively, but still representing significant special needs within Grafton. This is up from 9% in 2016, likely correlated to the aging of the population. Also, in comparison with the county and state, Grafton had a somewhat lower level of residents with a disability except for those under age five and between age 65 and 74, as shown in Table II-22.

**Table II-12: Civilian Noninstitutionalized Population with a Physical Disability, 2021**

Age Range	Grafton		County	MA
	#	%*	%	%
Under 5 years	32	2.8	0.8	0.8
5 to 17 years	182	5.5	4.6	6.0
18 to 34 years	241	5.9	8.5	6.7
35 to 64 years	641	7.7	12.0	10.2
65 to 74 years	427	28.9	21.4	20.4
75+ years	531	38.1	47.9	46.0
Total	2,054	10.5	12.6	11.7

Source: U.S. Census Bureau, American Community Survey 5-Year Estimates, 2017-2021.

\*Percentage of residents with disabilities within each age range.

The 2021 census estimates also identify residents with disabilities, as summarized in Table II-13. It should be noted that many residents report having multiple challenges, however, almost 48% of the 2,054 residents who reported having a disability experienced an ambulatory difficulty, and 32.5% and 35.4% had an independent living or hearing problem, respectively.

**Table II-13: Types and Distribution of Disabilities, 2021**

Type of Disability	# Residents	% Disabled Residents	% All Civilian Noninstitutionalized Residents
Hearing Difficulty	728	35.4	3.7
Vision Difficulty	239	11.6	1.2
Cognitive Difficulty	534	26.0	2.9
Ambulatory Difficulty	984	47.9	5.4
Self-care Difficulty	613	29.8	3.3
Independent Living Difficulty	668	32.5	4.4

Source: U.S. Census Bureau, Census American Community Survey 5-Year Estimates for 2017-2021.

### **C. Housing Profile**

This section of the Housing Needs Assessment provides the following information:

- Summarizes housing characteristics and trends;
- Analyzes the housing market from different data sources and perspectives;
- Compares what housing is available to what residents can afford;
- Summarizes what units are defined as affordable by the state; and
- Establishes the context for identifying priority housing needs.

Major findings include:

- Housing growth slowed between 2010 and 2021 although proposed housing development projects suggest an upturn in housing production over the next few years.
- There was a 7.6% increase in housing units between 2010 and 2021 that included a 3.4% increase in owner-occupied units and a higher increase of 23.2% for rentals, with gains of 174 units and 402 units, respectively.
- 88% of housing growth focused on single-family home development.
- Housing costs are at unprecedented levels, with a median of \$537,500 for single-family homes and \$370,000 for condos in 2022. These units would require incomes of about \$149,000 and \$112,500, respectively, based on several assumptions including not spending more than 30% of income on housing costs.
- Market rents are also high with a typical rent of \$1,500 for a two-bedroom apartment, requiring an income of about \$70,000. Rentals also require substantial upfront costs, often including first and last months rent plus a security deposit.
- Almost one-quarter of Grafton households are considered “cost-burdened,” or spending more than 30% of their income on housing costs.
- About 9% of all households were spending more than half of their income on housing costs or are considered “severely cost-burdened.”
- 2,224 households or 32% of all households had incomes at or below 80% of area median income and might qualify for housing assistance based solely on income, including 1,010 renter households (or 61% of all renter households) and a somewhat higher number of owner households but lower proportionately (1,214 or 23% of owner households).
- The very high level of unmet housing need, based on cost burdens for those with incomes at or below the 80% AMI level, suggests a shortfall of 1,695 affordable units.

- Grafton is at a 5% level of affordability, halfway to meeting the 10% state affordability threshold under Chapter 40B, however, there are proposed projects that could significantly boost the SHI in the next several years.

**1. *Housing Growth – Recent slowdown in housing growth with expected significant upturn***

The 2020 decennial census counted 7,760 total housing units. This is up considerably from 5,828 units in 2000 and 7,177 in 2010. However, housing growth between 2010 and 2020 was 8.4%, which is less than total population growth of 10.7%. This reflects an imbalance in housing supply and demand that has correspondingly precipitated increases in housing prices.

Table II-14 summarizes housing growth based on the 2021 census estimates. According to this data, Grafton experienced relatively steady housing growth between 1970 and 2010, adding close to a thousand units per decade. This data also shows a considerable slowdown between 2010 and 2019 with an addition of only 344 units. However, decennial data for 2010 to 2020 identifies higher unit production of 583 units. Moreover, this information indicates that 3,946 units or 51% of all units were built before 1980 and are therefore more likely to pose lead-based paint hazards for young children as well as deferred maintenance needs.

**Table II-14: Year Structure Built, 2021**

Time Period	#	%
2020 and later	0	0.0
2010 to 2019	344	4.4
2000 to 2009	1,332	17.2
1990 to 1999	1,003	13.0
1980 to 1989	1,097	14.2
1970 to 1979	906	11.7
1960 to 1969	584	7.6
1950 to 1959	966	12.5
1940 to 1949	199	2.6
1939 or earlier	1,291	16.7
Total	7,722	100.0

Source: U.S. Census Bureau, American Community Survey 5-Year Estimates 2017-2021.

Based on building permit activity since 2020, summarized in Table II-15, another 239 units have been built, that would bring the total number of housing units to an estimated 7,999 as of April 2023.<sup>11</sup>

**Table II-15: Residential Building Permits for New Units, 2020 through April 2023**

Year	# Single-family Units	# Multi-family Units	Total Units
2020	69	9 2-family dwellings/18 units	87
2021	38	1 property/8 units	46
2022	21	25	46
As of April 2023	10	50	60
Total	138	101	239

Source: University of Massachusetts Donahue Institute, State Data Center and Grafton Building Department

<sup>11</sup> The 2020 census counts are usually collected close to March, so it is likely that some of the permits issued in 2020 were included in the 2020 figures while many were not.

## 2. *Housing Occupancy – Gains in rental units increasing housing diversity*

As presented in Table II-16, the 2021 census estimates count a total of 7,722 total housing units, 7,468 or 97% of which were occupied. Of these, 71.5% or 5,341 units were owner-occupied, and the remaining 28.4% or 1,725 units were renter-occupied units. This occupancy information indicates the following trends:

- As the market has tightened, the level of occupied units increased to 96.7% while vacancies declined to 3.3% in 2021.
- While there was a 7.6% increase in housing units between 2010 and 2021, there was a 3.4% increase in owner-occupied units and a 23.2% increase in renter-occupied units, with gains of 174 and 402 units, respectively. Those reflects a greater diversity of housing types in Grafton.
- Because Grafton had 10 seasonal or occasional housing units in 2020 (10 based on 2020 census estimates), it has a year-round housing stock of 7,750 units (total 2020 housing figure of 7,760 minus 10 seasonal or occasional units; DHCD is confirming the seasonal and occasional unit count), the figure that is used by the state in computing the units needed to reach the 10% affordability threshold and annual production goals (0.5% of year-round housing) of 776 and 39 units, respectively.
- The average number of persons per owner-occupied unit modestly decreased from 2.77 persons in 2010 to 2.76 persons by 2021, back to the 2000 level. On the other hand, the average for rental units increased from 1.96 to 2.09 persons between 2010 and 2021. There is less projected population growth from rentals than homeownership.

**Table II-16: Housing Occupancy, 1980-2021**

Housing Characteristics	1980		1990		2000		2010		2021	
	#	%	#	%	#	%	#	%	#	%
Total # Units	4,010	100.0	5,035	100.0	5,828	100.0	7,177	100.0	7,722	100.0
Occupied Units *	3,863	96.3	4,799	95.3	5,694	97.7	6,892	96.0	7,468	96.7
Occupied Owner Units **	2,682	69.4	3,283	68.4	4,116	72.3	5,167	75.0	5,341	71.5
Occupied Rental Units **	1,181	30.6	1,516	31.6	1,578	27.7	1,725	25.0	2,127	28.5
Total Vacant Units/ Seasonal, Recreational or Occasional Use*	142/0	3.5/0	236/8	4.7/0.2	134/8	2.3/0.1	285/17	4.0/0.2	254/11	3.3/0.01
Average House-Hold Size of Owner-Occupied Unit	--		2.87 persons		2.76 persons		2.77 persons		2.76 persons	
Average House-Hold Size of Renter-Occupied Unit	--		2.13 persons		1.96 persons		1.96 persons		2.09 persons	

Source: U.S. Census Bureau 1980, 1990, 2000 and 2010 and American Community Survey 5-Year Estimates 2017-2021. \* Percentage of total housing units \*\* Percentage of occupied housing units



Table II-17 shows that vacancy rates declined between 2010 and 2021, from 5.5% to 4.5% in the case of rental units and 1.3% to 0.5% for owner-occupied units. These rates are relatively comparable to those of the county and state. Any level below 5% is considered to represent tight market conditions.

**Table II-17: Vacancy Rates, 2000, 2010 and 2021**

Vacancy Rates by Tenure							
Tenure	Grafton			County		MA	
	2000	2010	2021	2010	2021	2010	2021
Renter-Occupied Units	3.2%	5.5%	4.5%	7.4%	3.6%	6.5%	4.0%
Owner-Occupied Units	0.4%	1.3%	0.5%	2.1%	0.9%	1.5%	0.6%

Source: U.S. Census Bureau, 2000 Summary File 3; American Community Survey 5-Year Estimates 2006-2010 and 2017-2021.

### **3. Types of Units – Single-family homes still predominate, representing 88% of housing growth**

As shown in Table II-18, the substantial majority of existing housing units are in single-family detached dwellings that included 4,811 units in 2021, up considerably from 4,067 units in 2010, but proportionately the same at about 62% of all units. This level of single-family detached homes is higher than both county and state figures, at 58% and 52%, respectively.

Another 1,042 units involved single-family, attached homes, bringing the total percentage of single-family homes in Grafton to 75.8%, up from 73.6% in 2010 and 68.4% in 2000. There were 969 units in two to four-unit buildings, down from 1,012 in 2000, representing a decline in the smaller multi-family housing stock. The loss of these units does have ramifications on housing affordability as these small multi-family properties are typically among the more affordable units in the private housing stock as private landlords, particularly owner-occupied ones, tend to value good tenants and frequently maintain below market rents to keep them. Moreover, the rental income from these properties is included in mortgage underwriting and helps somewhat lower income households qualify for financing.

Another 637 units were in five to nine-unit structures. There were an additional 254 units in very large multi-family structures of more than ten units as well as nine mobile homes although the Town Assessor counts only four such units.

**Table II-18: Units in Structure, 1990 – 2021**

Type of Structure	1990		2000		2010*		2021	
	#	%	#	%	#	%	#	%
1-Unit Detached	2,877	57.1	3,535	60.7	4,067	62.4	4,811	62.3
1-Unit Attached	435	8.6	453	7.8	727	11.2	1,042	13.5
2 to 4 Units	930	18.5	1,012	17.4	913	14.0	969	12.6
5 to 9 Units	590	11.7	649	11.1	427	6.6	637	8.2
10 or More Units	152	3.0	173	3.0	372	5.7	254	3.3
Other/mobile homes)	51	1.0	6	0.1	10	0.2	9	0.1
Total	5,035	100.0	5,828	100.0	6,516	100.0	7,722	100.0

Source: U.S. Census Bureau 1990 and 2000 and American Community Survey 5-Year Estimates 2006-2010 and 2017-2021.

Table II-19 provides a comparison of the 2010 and 2021 distribution of units per structure according to whether the units were occupied by renters or homeowners. While more than 92% of owners resided in single-family detached or attached homes, only 37% of renters did so. Additionally, half of renters lived



in multi-family dwellings of two to nine units compared to about 7% of owners. Almost another 10% of renter households occupied properties of ten or more units, ten times the number of owners.

**Table II-19: Units in Structure by Tenure, 2021**

Type of Structure	Renter Occupied		Owner Occupied	
	#	%	#	%
1-Unit Detached	488	22.9	4,216	78.9
1-Unit Attached	309	14.5	722	13.5
2 to 4 Units	564	26.5	300	5.6
5 to 9 Units	515	24.2	65	1.2
10 or More Units	207	9.7	20	0.4
Other/mobile homes)	0	0.0	9	0.2
Total	2,127	100.0	5,341	100.0

Source: U.S. Census Bureau, American Community Survey 5-Year Estimates 2017-2021.

The median number of rooms per housing unit was 6.1 in 2021, down from 6.3 rooms in 2010 but higher than 5.9 rooms in 2000. This indicates that most recently units were getting somewhat smaller, pointing towards the production of increasing numbers of rental units. There were no single-room units counted in 2010 although 46 such units were reported in 2021. In 2010, almost half (45.8%) of the units had seven (7) rooms or more, decreasing to 43.6% by 2021. Not surprisingly, owner-occupied units were larger than rentals with a median of 7.0 rooms compared to 4.2. This means that the median owner-occupied home had three to four bedrooms compared to two bedrooms for rental units.

#### ***4. Housing Market Conditions – Costs rising to unprecedented levels with widening affordability gaps and cost burdens***

##### *Homeownership Units*

The U.S. census information included in Table II-20 indicates that the 2021 median owner-occupied unit value was \$395,400, more than twice what it was in 2000 (\$183,500). These units include condominiums that are less expensive in Grafton and thus have an impact in lowering this median home value.

The 2000 census showed that Grafton still had a sizable supply of affordable homes with more than 2,000 or 58% of the owner-occupied units valued at less than \$200,000, and 137 valued at less than \$100,000.<sup>12</sup> Values increased substantially through 2010 despite the downturn in the housing market, with only 232 units assessed below \$200,000 and 24 units at less than \$100,000 as presented in Table II-20.

The 2021 census estimates indicate some increase in lower-valued units with 337 homes valued below \$200,000, representing 6.3% of the owner-occupied stock. Only nine units included values below \$100,000. Based on The Warren Group data (see Table II-21) and Assessor's data, it is unlikely that there has been a major increase in these lower-valued units that would likely be affordable to those earning at or below 80% of area median income. It is also useful to note that many of the units valued below \$200,000 are likely included the 124 state-defined SHI units (see Table II-30).

<sup>12</sup> Census housing values are derived from Assessor's data.

**Table II-20: Housing Values of Owner-occupied Properties, 2010 and 2021**

Value	2010		2021	
	#	%	#	%
Less than \$50,000	14	0.3	9	0.2
\$50,000 to \$99,999	10	0.2	0	0.0
\$100,000 to \$149,999	63	1.3	93	1.7
\$150,000 to \$199,999	145	3.0	235	4.4
\$200,000 to \$299,999	1,148	23.9	1,220	22.8
\$300,000 to \$499,999	2,561	53.4	2,409	45.1
\$500,000 to \$999,999	854	17.8	1,293	24.2
\$1 million or more	0	0.0	82	1.5
Total	4,795	100.0	5,341	
Median (dollars)	\$361,000		\$395,800	

Source: U.S. Census Bureau American Community Survey 5-Year Estimates 2006-2010 and 2017-2021.

Housing market information since 2010 is summarized in Table II-21 based on *Banker & Tradesman* actual sales data from The Warren Group. In 2005, at the height of Grafton's housing market, the median single-family home price reached \$422,500, which was more than three times the 1993 home price and almost 60% more than the 2000 median price. Following the recession, the market stabilized. It then remained relatively flat until 2015 when it picked up again and reached \$385,000 in 2017, comparable to some pre-recession levels. Since then, prices have continued to climb, reaching the unprecedented level of \$537,500 in 2022.

The number of single-family home sales has fluctuated, ranging from a low of 112 sales in 2008, in the beginning of the recession, to a high of 233 sales in 2019. Sales volume fluctuated still more, dropping to 175 sales in 2022, the lowest since 2013. This is likely due to the lack of inventory given such high market demand for homes.

**Table II-21: Median Sales Prices, 2010 to 2022**

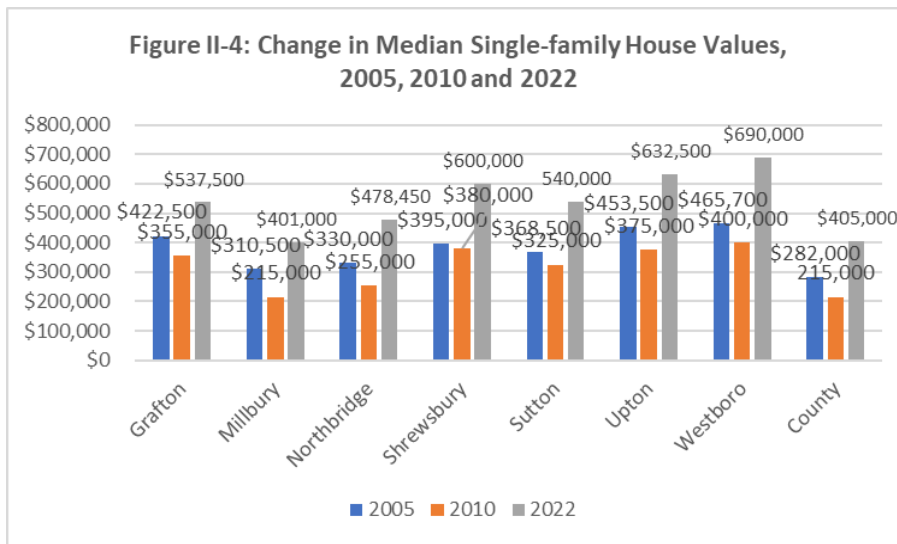
Year	Months	Single-family (#)	Condo (#)	All Sales	# Sales
2022	Jan – Dec	\$537,500 (175)	\$370,000 (108)	\$457,500	354
2021	Jan – Dec	\$495,000 (204)	\$382,500 (106)	\$465,000	393
2020	Jan – Dec	\$434,000 (187)	\$324,950 (92)	\$400,000	361
2019	Jan – Dec	\$387,000 (233)	\$281,000 (117)	\$349,950	406
2018	Jan – Dec	\$381,000 (188)	\$270,000 (92)	\$342,000	342
2017	Jan – Dec	\$385,000 (185)	\$299,00 (105)	\$345,000	354
2016	Jan – Dec	\$360,000 (224)	\$255,000(127)	\$313,500	413
2015	Jan – Dec	\$363,575 (186)	\$265,000 (119)	\$319,870	369
2014	Jan – Dec	\$330,000 (181)	\$258,500 (104)	\$302,300	364
2013	Jan – Dec	\$330,000 (175)	\$200,000 (91)	\$290,200	344
2012	Jan – Dec	\$336,000 (160)	\$223,000 (69)	\$280,000	279
2011	Jan – Dec	\$308,000 (135)	\$205,000 (59)	\$265,000	253
2010	Jan – Dec	\$355,000 (121)	\$239,500 (59)	\$300,000	217

Source: The Warren Group, March 3, 2023.

Condominiums represent a significant portion of the housing market in Grafton, about 17% of all units, with median sales prices that ranged from a low of \$143,000 in 2000 to \$355,000 by 2005. After that, prices fell considerably to \$205,000 by the end of 2011 and \$200,000 in 2013 after some gains in 2010.

Since then, the condo market has rebounded, up to a median sales price of \$382,500 in 2021, dropping somewhat to \$370,000 in 2022.

The volume of condo sales also declined from a high of 229 condo sales in 2005 to 59 in both 2010 and 2011. It then increased to 127 sales in 2016 and 118 in 2019. The housing crisis and accompanying challenges in obtaining financing for condos contributed to overall decreases in both sale activity and market prices between 2008 and 2013 with clear signals of a recovering market after that in terms of both prices and sales volume.



As shown in Figure II-4, Grafton's housing prices have been relatively high in comparison to Worcester County over the years. In 2022, Grafton's median single-family house value was \$537,500 compared to \$405,000 for the county based on *Banker & Tradesman* data from The Warren Group. On the other hand, the 2022 median was a bit higher statewide, at \$550,000.

**A local realtor indicated that the inventory of available homes is very low, and any listings are seeing multiple offers. "It is Economics 101; demand outweighs supply and prices go up. Some people have been waiting years to purchase a home in Grafton while sellers are staying put because they cannot find options for upgrading."**

Figure II-4 also indicates that prices in Grafton have been towards the higher end of the range of market values in comparison to neighboring communities. For example, the 2022 median single-family home prices ranged from a low of \$401,000 in Millbury to a high of \$690,000 in Westborough with Grafton ahead of Northbridge at \$478,450 and close to Sutton at \$540,000.<sup>13</sup>

A summary of sales activity for single-family homes and condos within various price ranges is provided in Table II-22 for 2022, further demonstrating the strength of the housing market. During this timeframe, there were 304 sales, including 191 single-family homes and 113 condos with median sales prices of \$530,000 and \$450,000, respectively. This is up from \$370,000 and \$290,000, respectively, in 2017. There were four single-family homes and six condos that sold for less than \$200,000, down from 16 and 18, respectively, in 2017, and 21 and 22, respectively in 2021. Most of these units are likely small and require at least a moderate level of improvement. Another 27 units sold between \$200,000 and \$299,000, down from 89 in 2017. Sales prices were somewhat evenly distributed among the price ranges between \$300,000 and

<sup>13</sup> The Warren Group as of March 3, 2023.

\$599,999. This trend suggests some diversity of the housing stock, from starter housing that likely needs substantial upgrades, to higher-end units. Units selling for more than \$600,000 increased from 28, or about 10% of the sales in 2017, to 82 sales and 27% by 2022.

**Table II-22: Single-family House and Condo Sales, 2022**

Price Range	Single-family Homes		Condominiums		Total	
	#	%	#	%	#	%
Less than \$100,000	1	0.5	1	0.9	2	0.7
\$100,000-199,999	3	1.6	5	4.4	8	2.6
\$200,000-299,999	10	5.2	17	15.0	27	8.9
\$300,000-399,999	26	13.6	41	36.3	67	22.0
\$400,000-499,999	42	22.0	22	19.5	64	12.0
\$500,000-599,000	34	17.8	20	17.7	54	17.8
\$600,000-699,999	25	13.1	6	5.3	31	10.2
\$700,000-799,999	14	7.3	0	0.0	14	4.6
\$800,000-899,000	7	3.7	0	0.0	7	2.3
\$900,000-999,999	12	6.3	0	0.0	12	4.0
Over \$1 million	17	8.9	1	0.9	18	5.9
Total	191	100.0	113	100.0	304	100.0

Source: Banker & Tradesman/The Warren Group, March 4, 2023.

Data from the Assessor's Office on the assessed values of residential properties in Grafton is presented in Tables II-23 and II-24, providing further insight into not only the diversity of the existing housing stock, but also the range of values for each dwelling type.

Table II-23 provides information on the assessed values of single-family homes and condominiums for Fiscal Year 2023. This data shows that Grafton has 4,613 single-family properties, up from 4,218 in 2012. Of the single-family dwellings, only 17 were valued below \$200,000, down considerably from 332 in 2012. Only 223 units or about 5% were assessed between \$200,000 and \$299,999, still relatively affordable but down considerably from 40% in 2012. About half of the units were assessed between \$300,000 to \$499,999 with almost another 30% in the \$500,000 to \$599,999 range. The median assessed value was \$471,500, up from \$308,900 in 2012 and lower than the \$537,500 median according to The Warren Group as of the end of 2022. Assessed values are typically below market prices, particularly in a rising market.

There were 1,319 condominiums counted in Assessor's records, or about 17% of all housing units, a gain of 77 such units since 2012. Not surprisingly, the condos were assessed more affordably on the whole than the single-family homes, with 147 units assessed below \$200,000. One-third of the condos were valued between \$200,000 and \$299,999, down from 40% in 2012. About half of the condos were assessed in the \$300,000 to \$499,999 range. The median assessed value was \$333,800, up from \$199,300 in 2012, but considerably lower than the median condo sales price of \$370,000 as of the end of 2022, according to The Warren Group.

**Table II-23: Assessed Values of Single-family and Condominiums, Fiscal Year 2023**

Assessment	Single-family Dwellings		Condominiums		Total	
	#	%	#	%	#	%
Less than \$100,000	0	0.0	7	0.5	7	0.1
\$100,000-199,999	17	0.4	140	10.6	157	2.6
\$200,000-299,999	223	4.8	439	33.3	662	11.2
\$300,000-399,999	1,253	27.2	364	27.6	1,617	27.3
\$400,000-499,999	1,084	23.5	300	22.7	1,384	23.3
\$500,000-599,000	823	17.8	68	5.2	891	15.0
\$600,000-699,999	530	11.5	1	0.08	531	9.0
\$700,000-799,999	353	7.6	0	0.0	353	6.0
\$800,000-899,000	222	4.8	0	0.0	222	3.7
\$900,000-999,999	79	1.7	0	0.0	79	1.3
Over \$1 million	29	0.6	0	0.0	29	0.5
Total	4,613	100.0	1,319	100.0	5,932	100.0

Source: Grafton Assessor.

Assessor's data for multi-unit properties, as summarized in Table II-24, indicate that there were 237 two-family homes (474 units), 40 three-families (120 units), and 74 structures with four to eight units. There were also 18 properties that involved more than one house on the same lot with a wide fluctuation in values which is not surprising as such properties typically range from small parcels to large estates as well as by unit sizes and condition. The data also shows that a substantial segment of the two- and three-family properties were assessed between \$300,000 and \$499,999, 86% and about 75%, respectively. Those small multi-family properties that were valued at less than \$400,000 were likely to be affordable to those earning at or below 80% AMI given the additional income that comes with such properties that can be calculated in mortgage underwriting. Consequently, these properties include some of the most affordable units in the private housing stock, also typically providing both homeownership and rental opportunities.

**Table II-24: Assessed Values of Multi-family Properties, Fiscal Year 2023**

Assessment	2-unit Properties		3-unit Properties		Multiple houses on 1 lot		4 to 8-unit Properties	
	#	%	#	%	#	%	#	%
Less than \$100,000	0	0.0	0	0.0	0	0.0	0	0.0
\$100,000-199,999	0	0.0	0	0.0	0	0.0	0	0.0
\$200,000-299,999	11	4.6	0	0.0	0	0.0	1	1.4
\$300,000-399,999	153	64.6	7	17.5	1	5.6	18	24.3
\$400,000-499,999	50	21.1	23	57.5	4	22.2	31	41.9
\$500,000-599,000	15	6.3	8	20.0	7	38.9	14	18.9
\$600,000-699,999	5	2.1	2	5.0	1	5.6	4	5.4
\$700,000-799,999	2	0.8	0	0.0	1	5.6	4	5.4
\$800,000-899,000	1	0.4	0	0.0	2	11.1	1	1.4
\$900,000-999,999	0	0.0	0	0.0	0	0.0	1	1.4
Over \$1 million	0	0.0	0	0.0	2	11.1	0	0.0
Total	237	100.0	40	100.0	18	100.0	74	100.0

Source: Grafton Assessor.

Almost two-thirds of the 74 total four (4) to eight (8) unit properties were valued between \$300,000 and \$499,999. There were also 23 properties with more than eight (8) units, assessed from a low of \$955,200 to a high of \$12,620,900. Assessor's data also included four (4) mobile homes valued between \$185,900 and \$241,400.

#### *Rental Units*

The 2010 census indicated that there were 1,725 rental units in Grafton, a gain of 147 units since 2000, and 2021 census estimates suggest a further increase of an additional 239 rentals to 1,964 total units. The median gross rent was \$882 in 2010 and increased to \$1,234 according to 2021 census estimates. Median gross rents in Grafton were higher than the county level of \$1,197 but lower than statewide median of \$1,487 based on 2021 census estimates. **It is also important to note that the census counts included 264 rental units that are part of the Subsidized Housing Inventory, representing about 13% of all rentals, thus making rental costs, as summarized in Table II-25, appear more affordable than they really are.**

**Table II-25: Rental Costs, 1980-2021**

Gross Rent	1980		1990		2000		2010		2021	
	#	%	#	%	#	%	#	%	#	%
Under \$200	311	27.1	167	11.1	51	3.3	0	0.0	291	14.8
200-299	596	51.9	57	3.8	96	6.2	59	4.3		
300-499	193	16.8	266	17.7	193	12.4	75	5.5		
500-749	0	0.0	660	44.0	812	52.1	285	20.8	317	16.1
750-999			237	15.8	236	15.1	477	34.8		
1,000-1,499			80	5.3	71	4.6	402	29.4	732	37.3
1,500 or more					0	0.0	71	5.2	624	31.8
Total	1,148	100.0	1,500	100.0	1,559	100.0	1,369 *	100.0	1,964	100.0
No cash rent	48	4.2	33	2.2	100	6.4	61	4.5	163	7.7
Median rent	\$239		\$565		\$625		\$882		\$1,234	

Sources: U.S. Census Bureau, 1980, 1990 and 2000 Summary File 3 and American Community Survey 5-Year Estimates for 2006-2010 and 2017-2021. \*This is survey data that counts far fewer units than the actual 100% 2010 decennial census, 1,725 versus 1,369 rental units.

While about 65% of Grafton's rentals were renting for less than \$1,000 in 2010, by 2021 this was reduced to about 31% of rental units, representing a big drop and reflective of rising housing costs. On the other end of price range, only 31 units or 3.2% of rentals had rents of more than \$1,500 in 2010 compared to 624 units and almost 32% in 2021, demonstrating a clear uptick in the rental market. Additionally, a total of 122 units or 6% of rental units had rents of \$2,500 or more.

Like housing values for homeownership units, rental values tend to be underestimated in the census data and actual market rents are typically higher. There were very limited listings of rental units, pointing to a very limited inventory, but websites (e.g., apartments.com, apartmentfinder.com, apartmentlist.com) included the following listings in early 2023:

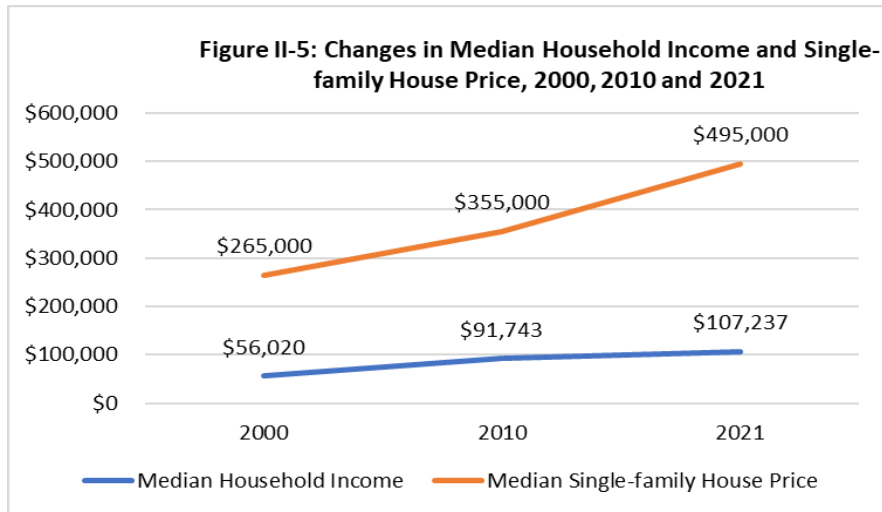
- \$1,200 for one-bedroom, one-bath unit at Colonial Apartments with 800 square feet of living space and \$1,400 for a two-bedroom, one-bath apartment
- \$1,600 for a one-bedroom, one-bath unit with 660 square feet
- \$1,550 to \$1,650 for a two-bedroom, one-bath unit in a garden-style apartment building
- \$3,500 for a four-bedroom, 2.5-bath house with 3,000 square feet
- \$4,000 for a four-bedroom, 2.5-bath house with 3,000 square feet

Rental listings appear to generally fall within the Fair Market Rents (FMRs) issued by HUD for its rental subsidy programs.<sup>14</sup> A local realtor indicated that a rent for a two-bedroom apartment typically ranges from \$1,400 to \$1,600. He added that he has not seen a decline in the rental market since he began working as a realtor in 1985.

## D. Affordability Analysis

### 1. Affordability Gaps

While it is useful to have a better understanding of housing cost trends, it is also important to analyze the implications of these costs on residents' ability to afford them.



Housing prices, while increasing considerably, have generally kept pace with increases in median household income. As demonstrated in Figure II-5, while median income levels increased by 91% between 2000 and 2021, the median single-family home price increased by 87%. Moreover, in 2000 the median income was 21% of the median house price, it increased to 26% by 2010,

but then decreased somewhat to 22% in 2021. This indicates that for many Grafton residents, particularly newer residents drawn from communities further east and south, incomes have largely kept pace with rising prices, but longer-term residents may be experiencing greater problems affording to remain in Grafton.

Another way of calculating the affordability gap is to estimate the difference between the median priced house and what a median income earning household can afford to pay based on spending no more than 30% of income on housing costs.

#### *Single-family Homes*

To afford the median sales price of a single-family home of \$537,500, based on The Warren's Group's data as of the end of 2022, a household would have to earn an estimated \$149,000 assuming 80% financing and the ability to come up with down payment and closing costs of more than \$110,000.<sup>15</sup> This

<sup>14</sup> The 2023 Fair Market Rents are as follows: \$1,231 for efficiencies, \$1,272 for one-bedroom units, \$1,635 for two-bedrooms, \$1,990 for three-bedrooms, and \$2,196 for four-bedroom units.

<sup>15</sup> Figures based on 80% financing, interest of 6.5%, 30-year term, annual property tax rate of \$15.71 per thousand, and insurance costs of \$6 per \$1,000. Also based on the purchaser spending 30% of gross income on mortgage (principal and interest, taxes, and insurance).



income is almost double the 2022 80% AMI limit for a household of three at \$79,600. The income required in the case of 95% financing would be higher at \$174,600.<sup>16</sup>

The average household, based on the median household income of \$107,237, could likely afford a home costing no more than about \$395,000.<sup>17</sup> There is therefore an affordability gap of about \$142,500 - the difference between the median priced single-family home (\$537,500) and what a median income household can afford (\$395,000) based on 80% financing. Once again, these purchasers must have substantial cash on hand for the 20% down payment plus additional closing and moving costs, which effectively widens the affordability gap considerably. While financing with 5% down payments or even less was common before the financial crisis, it is now more the exception than the norm, although some state mortgage programs, such as the ONE Mortgage Program or several MassHousing programs, offer lower down payment options. For 95% financing, the affordability gap would widen to \$200,500, the difference from the single-family house value and the amount that can be borrowed based on 95% financing or about \$337,000.

The affordability gap widens to about \$278,500 if the analysis focuses on those low- and moderate-income households earning at 80% AMI, or \$79,600 for a family of three, who can afford a house costing no more than about \$259,000 based on 95% financing.<sup>18</sup> The gap would be smaller, at \$242,500, if the purchaser accessed 80% mortgage financing. The segment of Grafton's housing stock within this purchase price is disappearing given rising market prices.

It is important to note that this cost analysis is based on the maximum HUD limit for a household earning at 80% AMI, not the affordable purchase price that would be calculated according to the formula used in the Local Initiative Program (LIP) that is based on a household earning at 70% AMI to allow for a marketing window.

### *Condominiums*

The median condominium price was \$370,000 as of the end of 2022,<sup>19</sup> which would require an income of approximately \$112,500, still higher than the median income earning household in Grafton. In fact, a median income-earning household could likely afford a condo in Grafton for about \$360,000, which is less than the median priced condo, and consequently there is no affordability gap.<sup>20</sup> A household of three earning at 80% AMI limit of \$79,600 could likely afford a condo for an estimated \$257,000 price based on 80% financing and \$225,500 with 95% financing.<sup>21</sup> Consequently, the affordability gap is \$113,000 and \$144,500 for the 80% versus 95% financing options, respectively.

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<sup>16</sup> Figures based on 95% financing and above assumptions.

<sup>17</sup> Figures based on 80% financing, interest of 6.5%, 30-year term, annual property tax rate of \$15.71 per thousand, and insurance costs of \$6 per \$1,000. Also based on the purchaser spending 30% of gross income on mortgage (principal and interest, taxes, and insurance).

<sup>18</sup> This analysis assumes the ability of the purchaser to obtain subsidized mortgage financing from the ONE Mortgage Program or MassHousing mortgage offerings. Therefore, no private mortgage insurance (PMI) was included in the calculations and 95% mortgage financing was assumed.

<sup>19</sup> Banker & Tradesman for 2022.

<sup>20</sup> Figures based on 95% financing, interest of 6.5%, 30-year term, annual property tax rate of \$15.71 per thousand, insurance costs of \$4 per thousand, and monthly condo fee of \$300. Also based on the purchaser spending 30% of gross income on mortgage, taxes, insurance, and condo fee and the ability of the purchaser to obtain subsidized mortgage financing from the ONE Mortgage Program or MassHousing mortgage offerings.

<sup>21</sup> The 95% financing assumes the purchase qualified for subsidized mortgage financing from the ONE Mortgage Program or MassHousing mortgage offerings.



#### *Owner-Occupied Two-Family House*

The owner-occupied, small multi-family house is considerably more affordable than the single-family home or condo due to the income that is generated from the rental unit. Because lenders calculate about 75% of rental income in mortgage underwriting criteria, these structures are more accessible to lower income households. For example, the median valued two-family house, based on Assessors data, was \$374,900 in Fiscal Year 2023, requiring an income of approximately \$59,300, based on 80% mortgage financing and the ability to come up with at least \$80,000 in down payment and closing costs. Assuming the purchasers could qualify for a subsidized mortgage with 95% financing, the income required would be \$73,500. Efforts should be made to better promote these typically more affordable dwelling types.

#### *Rentals*

Regarding rentals, the gross median rent of \$1,234, according to 2021 census estimates, requires an income of about \$59,360 with a monthly average utility allowance of \$250 and the occupants paying 30% of their income on housing. This rent is not affordable to an estimated 28% of Grafton's households and is higher than the median renter household income of \$52,212. This median rent also includes 264 subsidized rents that include about 13% of all rentals. While there are very few rental listings, market rents are higher at about \$1,500 for a two-bedroom apartment for example. This rent would require an income of about \$70,000.

## **2. Cost Burdens**

It is also useful to identify how much households are spending on housing whether for ownership or rental. Such information is helpful in assessing how many households are encountering housing affordability problems, defined as spending more than 30% of household income on housing.

The 2021 census estimates suggest that 325 or 6.1% of the homeowners in Grafton were spending between 30% and 34% of their income on housing and another 913 or 17.1% were spending more than 35% of their income on housing expenses. Regarding renters, 251 renters or 11.8% were spending between 30% and 34% of their income on housing and another 570 or 26.8% of renter households were allocating 35% or more for housing. This data suggests that *2,059 households or 27.6% of all Grafton households were living in housing that was by common definition beyond their means and unaffordable.*

HUD provides additional data on housing affordability problems by tenure, type of household and income level through its CHAS Report. This report is summarized in Table II-26, based on 2015-2019 estimates from the Census Bureau's American Community Survey, the most recent figures available. This data identifies the following housing affordability issues:

#### *All Households*

- **24% of Grafton households were paying too much for their housing.**
- 620 households or about 9% of all households were spending more than half their income on housing costs.
- 2,224 households or 32% of all households were earning at or below 80% of area median income and might qualify for housing assistance based solely on income, including 1,010 renter households (or 61% of all renter households) and a somewhat higher number of owner households but lower proportionately (1,214 or 23% of owner households).

- Of the households earning at or below 80% MFI,<sup>22</sup> 1,298 or 58% were overspending including 615 or 28% who were spending more than half of their income on housing costs, up from one-quarter a decade ago.
- Even some households earning more than 80% MFI were experiencing cost burdens including 417 households, 87% who were homeowners.
- Of particular concern are the 675 households earning at or below 30% MFI, that included 474 or 70% who were spending too much for housing (more than 30% of their income), 395 or 59% spending more than half of their income on housing costs.

#### *Renters*

- There were 1,660 renter households according to this data with 559 or 34% paying too much for their housing, including 220 or 13% spending more than half of their income on housing costs, all who were earning at or below 80% MFI.
- 504 or half of renter households earning at or below 80% MFI were overspending, including 220 or 22% who were spending more than half of their income on housing. It is likely that most of the other renters in this income range who were not overspending were living in subsidized housing.
- 86% of elderly renters (age 62 and over) were earning at or below 80% MFI and of these 43% or 190 households were overspending on their housing. This included 75 extremely low-income households who were paying more than half of their income on housing and should become targets for new subsidized housing.
- Almost all the 135 small families (four members or less) earning within 50% MFI were experiencing cost burdens with only 4 such households with incomes between 50% and 80% MFI. These extremely low and very low-income renter households with incomes at or below 50% MFI should be targets for new subsidized rental housing.
- There were only 50 large families renting in Grafton (5+ members), down from 125 in 2014, none with incomes at or below 80% MFI.
- The highest number of renter households involved non-elderly (under age 62), nonfamily households, mostly single individuals. Of the 665 such households, 345 or 52% had incomes at or below 80% MFI, 185 or 54% were cost burdened. This suggests the need for a unit mix that includes smaller unit sizes.

#### *Homeowners*

- There were 5,379 homeowner households with 21% paying too much for their housing, including 7% paying more than half their income on housing costs, defined as being severely cost burdened. While the number of ownership households with severe cost burdens is double that of renters, proportionally it is almost half.
- 774 or 64% of the 1,214 owner households earning at or below 80% MFI were overspending, including 375 or 31% spending more than half of their income on housing, most involving elderly households with incomes at or below 30% MFI (includes 150 such households).
- Of the total 1,265 elderly owner households, 605 or 48% were earning at or below 80% MFI and of these 390 or 64% had cost burdens with 185 or 31% experiencing severe cost burdens.
- 350 or 12% of the 2,910 small family households were earning at or below 80% MFI and of these, 170 or 49% were cost burdened, 14% being severely cost burdened.

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<sup>22</sup> Median Family Income (MFI) is the equivalent of Area Median Income (AMI) in this report. See Table II-29 for these limits.

- There were only 29 homeowners with large families earning at or below 80% MFI, none cost burdened. This figure is down from 45 such households in 2014, all cost burdened.
- This data also indicates that non-elderly, nonfamily younger individuals have considerable cost burdens with 214 or 93% of the 230 such households with incomes at or below 80% MFI experiencing cost burden, 205 and 89% being severely cost burdened.

**Table II-26: Cost Burdens by Tenure, Income and Type of Household, 2019**

Type of Household	Households Earning < 30% MFI/ # with cost burdens **	Households Earning > 30% to <50% MFI/ # with cost burdens**	Households Earning > 50% to < 80% MFI/ # with cost burdens**	Households Earning > 80% and < 100% MFI /# with cost burdens**	Households Earning > 100% MFI/ # with cost burdens**	Total
Elderly Renters	250/30-75	100/30-10	95/35-10	20/0-0	50/15-0	515/110-95
Small Family Renters	35/0-25	100/75-25	85/4-0	65/25-0	145/15-0	430/119-50
Large Family Renters	0/0-0	0/0-0	0/0-0	30/0-0	20/0-0	50/0-0
Other Renters	95/0-55	45/35-10	205/75-10	115/0-0	205/0-0	665/110-75
<b>Total Renters</b>	<b>380/30-155</b>	<b>245/140-45</b>	<b>385/114-20</b>	<b>230/25-0</b>	<b>420/30-0</b>	<b>1,660/339-220</b>
Elderly Owners	175/20-150	185/125-0	245/60-35	105/14-0	555/25-0	1,265/244-185
Small Family Owners	45/25-20	40/15-0	265/80-30	130/4-25	2,430/175-0	2,910/299-75
Large Family Owners	0/0-0	4/0-0	25/0-0	50/15-0	410/4-0	489/19-0
Other Owners	75/4-70	90/40-50	65/30-20	140/85-0	335/15-0	705/179-140
<b>Total Owners</b>	<b>295/49-240</b>	<b>319/180-50</b>	<b>600/170-85</b>	<b>425/118-25</b>	<b>3,730/219-0</b>	<b>5,369/736-400</b>
<b>Total</b>	<b>675/79-395</b>	<b>564/320-95</b>	<b>985/284-125</b>	<b>655/143-25</b>	<b>4,150/249-0</b>	<b>7,029/1,075-620</b>

Source: U.S. Department of Housing and Urban Development (HUD), SOCHS CHAS Data, and American Community Survey, 2015-2019 (last available). \*\*First number is total number of households in each category/second is the number of households paying between 30% and 50% of their income on housing (with cost burdens) – and third number includes those that are paying more than half of their income on housing expenses (with severe cost burdens). Small families have four (4) or fewer family members while larger families include five (5) or more members. Elderly are 62 years of age or older. “Other” renters or owners are non-elderly and nonfamily households. Median Family Income (MFI) in this analysis is the equivalent of AMI.

### **Calculation of Unmet Housing Needs – Analyzing Cost Burdens<sup>23</sup>**

Tables II-27 and II-28 illustrate another view of cost burden, further breaking out the data included in Table II-26. While there are many more owner-occupied units than rentals in Grafton, the number of unmet housing needs is proportionately higher for rentals. For example, one-third of renters had cost burdens which is markedly higher than the percentage of 21% for owners. Regarding severe cost burdens, 22% of renters were experiencing such affordability challenges compared to 7.4% of owners.

Nevertheless, the level of cost burdens among owners is considerable, particularly for those with incomes at or below 80% MFI. For example, 81% of extremely low-income owners were spending more than half their income on housing costs compared to 41% for renters with higher total households as well at 240 and 155, respectively. On the other hand, an estimated 31% of owners with incomes at or below 80% MFI had severe cost burdens compared to half of renters. *This data also suggests very little need for housing that would be targeted to those with incomes above 80% MFI for both owners and*

<sup>23</sup> It should be noted that the distribution of cost burdens will change over time as data is updated.

*renters*. It should also be noted that there are greater challenges in developing owner-occupied housing as opposed to rentals, given a number of considerations including very limited availability of subsidized financing.

**Table II-27: Unmet Housing Needs by Cost Burdens – Grafton Households by Income Level and Tenure (Rental vs. Ownership)**

Household Income Levels	# Existing Households In Grafton	# Households Without Cost Burdens	Cost Burdened Spending = >30% to <50% of Income	SEVERELY Cost Burdened Spending = >50% of Income*	Households Cost Burdened + SEVERELY Cost Burdened
<b>Rental Units</b>					
Extremely Low Income (Within 30% MFI)	380	195	30	155	185
Very Low Income (30% to 50% MFI)	245	60	140	45	185
Low to Moderate Income (50% to 80% MFI)	385	251	114	20	134
<b>Subtotal &gt;80% MFI</b>	<b>1,010</b>	<b>506</b>	<b>284</b>	<b>220</b>	<b>504</b>
80% to 100% MFI	230	205	25	0	25
Above 100% MFI	420	390	30	0	30
<b>Total – Rental</b>	<b>1,660</b>	<b>1,101</b>	<b>339</b>	<b>220</b>	<b>559</b>
<b>Owner Units</b>					
Extremely Low Income (Within 30% MFI)	295	6	49	240	289
Very Low Income (30% to 50% MFI)	319	89	180	50	230
Low to Moderate Income (50% to 80% MFI)	600	345	170	85	255
<b>Subtotal &gt;80% MFI</b>	<b>1,214</b>	<b>440</b>	<b>399</b>	<b>375</b>	<b>774</b>
80% to 100% MFI	425	282	118	25	143
Above 100% MFI	3,730	3,511	219	0	219
<b>Total – Ownership</b>	<b>5,369</b>	<b>4,233</b>	<b>736</b>	<b>400</b>	<b>1,136</b>
<b>TOTAL - Rental &amp; Ownership</b>	<b>7,029</b>	<b>5,334</b>	<b>1,075</b>	<b>620</b>	<b>1,695</b>

Source: U.S. Department of Housing and Urban Development (HUD), SOCDS CHAS Data, 2019. (See Table 3-27) \*Includes all those spending more than 30% of income on housing per Table 3-27. Severe cost burdens income those households spending 50% or more of their income on housing costs.

Table II-28 presents the same 2015-2019 HUD survey data, broken out by the unmet housing needs based on the cost burdens of types of households including seniors, families, and single individuals under age 62 with incomes at or below 80% MFI. In regard to these older adults with unmet housing needs, there were more such households which involved owners rather than renters, at 605 and 445, respectively. However, 36% of owners had unmet housing needs compared to a higher level for renters at 43%. Given asset limits, it is typically harder to qualify older residents for affordable housing.

Households with older adults comprised the greatest number of those with incomes at or below 80% MFI at 1,050 such households, including renters and homeowners, compared to families (599 households) and single individuals under age 62 (575 households). This is not surprising given the number of older residents who are retired and living on fixed incomes, also reflected in lower median household income.

Regarding families, there were also more owners with incomes at or below 80% MFI, at 379 owners compared to 220 renter households. On the other hand, renter households were experiencing a higher proportion of unmet housing needs at 59% compared to 45% for owners. There were many more non-family households involving members under age 62, mainly single individuals, who were renting as opposed to owning their home, at 345 to 230 households, respectively. In this case, owners had a higher level of unmet housing need, however, at 93% versus 54% for renters.

**Table II-28: Unmet Housing Needs – Grafton Households by Income Level and Type of Household**

<b>Target Population in Need</b>	<b>All Units Occupied By Those Earning ≤ 80% MFI</b>	<b>Housing Available That is Affordable to Those Earning ≤ 80% MFI</b>	<b>All Those with Cost Burdens/Unmet Needs Occupied by Those Earning ≤ 80% MFI</b>
Older Residents (age 62 and over)	445 Renters 605 Owners	255 Renters 215 Owners	190 Renters (43%) 315 Owners (36%)
Families	220 Renters 379 Owners	91 Renters 209 Owners	129 Renters (59%) 170 Owners (45%)
Individuals (under age 62)	345 Renters 230 Owners	160 Renters 16 Owners	185 Renters (54%) 214 Owners (93%)

Source: U.S. Department of Housing and Urban Development (HUD), SOCDs CHAS Data, 2019. (See Table II-26)

*What is compelling about this documentation is the very high level of unmet housing need for those with incomes at or below the 80% MFI level. For this group of older adults, families and individuals, the data at the bottom of Table II-27 documents that Grafton has a shortfall of 1,695 affordable units, 559 rentals and 1,136 ownership units. Within this income range, many residents are paying far too much for their housing and thus struggling to remain in the community, some likely having to decide whether to pay their rent or mortgage versus utility bills, medical prescriptions, or food.*

#### **4. Foreclosures**

Another indicator of affordability involves the ability to keep up with the ongoing costs of housing which some residents have been challenged to do, particularly since the “bursting of the housing bubble” more than a decade ago. This recession forced some Grafton households to confront the possibility of losing their home through foreclosure.

There has been some variation in the number of foreclosures from year to year, although it has not been as challenging a problem in Grafton in comparison to other communities. For example, there were no foreclosures from 2007 to 2009, and then there were 6 petitions filed in 2010 with 7 actual auctions, declining somewhat in 2011 and then up to 12 foreclosure petitions and 3 auctions in 2012. Foreclosures decreased again between 2013 and 2015 then increased to 10 and 9 petitions filed in 2016 and 2017, respectively, with 2 and 8 auctions during these years, also respectively. Since then,

foreclosures declined from 3 petitions and 7 auctions in 2018 and 3 petitions and 6 auctions in 2019 to only a handful of petitions and 1 or 2 auctions through 2022.<sup>24</sup>

### **E. Subsidized Housing Inventory (SHI)**

To be counted as affordable and included in the Subsidized Housing Inventory (SHI), housing must be dedicated to long-term occupancy of income-eligible households earning at or below 80% of area median income through resale or rental restrictions (see Table II-29 for these income levels). Using these income guidelines, a family of three (the average household size in Grafton is 2.57 persons per 2021 census estimates) would not be able to earn more than \$79,600 based on 2022 income limits.

#### **1. Definition of Affordable Housing**

Affordable housing is generally defined by the income of the household in comparison to housing costs. The federal and state governments define the threshold of affordability as paying no more than 30% of income on housing costs whether for ownership or rental. Housing costs for homeownership include principal and interest, property taxes, and insurance as well as any condo fees. Rental housing costs include utility costs on top of the rent.

Affordable housing is also defined according to its availability to households at percentages of median income for the area,<sup>25</sup> and most housing subsidy programs are targeted to particular income ranges. Extremely low-income housing is directed to those with incomes at or below 30% of area median income (AMI) as defined by the U.S. Department of Housing and Urban Development (HUD) for the Worcester area, and very low-income is defined as households earning between 31% and 50% AMI. Low-income generally refers to the range between 51% and 80% AMI. In general, programs that subsidize rental units are typically targeted to households earning under 50% or 60% AMI with some lower income requirements within the 30% AMI level. First-time homebuyer projects and the state's Chapter 40B Comprehensive Permit Program typically apply income limits of up to 80% AMI. Income limits under the Community Preservation Act (CPA) are up to 100% AMI.

**Table II-29: HUD Income Limits for Worcester County Metropolitan Area, 2022**

<b># Persons in Household</b>	<b>30% of Area Median Income</b>	<b>50% of Area Median Income</b>	<b>80% of Area Median Income</b>
<b>1</b>	\$23,250	\$38,700	\$61,900
<b>2</b>	\$26,550	\$44,200	\$70,750
<b>3</b>	\$29,850	\$49,750	\$79,600
<b>4</b>	\$33,150	\$55,250	\$88,400
<b>5</b>	\$35,850	\$59,700	\$95,500
<b>6</b>	\$38,500	\$64,100	\$102,550
<b>7</b>	\$41,910	\$68,550	\$109,650
<b>8+</b>	\$46,630	\$72,950	\$116,700

Median Income = \$114,400

Source: U.S. Department of Housing and Urban Development (HUD)

A common definition of affordable housing relates to the Chapter 40B comprehensive permit program.<sup>26</sup> This legislation allows developers to override local zoning if the project meets certain requirements, the

<sup>24</sup> The Warren Group, *Banker & Tradesman*, January 24, 2018, and March 17, 2023.

<sup>25</sup> Grafton is part of the Worcester MA HUD Metro FMR area.

<sup>26</sup> Chapter 774 of the Acts of 1969 established the Massachusetts Comprehensive Permit Law (Massachusetts General Laws Chapter 40B) to facilitate the development of affordable housing for low- and moderate-income households (defined as any housing subsidized by the federal or state government under any program to assist in



municipality has less than 10% of its year-round housing stock defined as affordable in its Subsidized Housing Inventory (SHI), or housing production goals and other statutory requirements are not met. It should be noted that all units are eligible for inclusion in the SHI in Chapter 40B rental developments while only the actual affordable units are counted in ownership projects.

For a development to qualify under Chapter 40B, it must meet all the following requirements:

- Must be part of a “subsidized” development (or approved through a Subsidizing Agency) built or approved by a public agency, non-profit organization, or limited dividend corporation.
- At least 25% of the units in the development must be restricted to households with incomes at or below 80% of area median income (or 20% of the units targeted to those earning at or below 50% AMI) with rents or sales prices restricted to income levels defined each year by the U.S. Department of Housing and Urban Development (HUD).
- Affordability restrictions must be in effect in perpetuity unless there is a justification for a shorter term that must be approved by DHCD.
- Development must be subject to a regulatory agreement and monitored by a public agency or non-profit organization.
- Project sponsors must meet affirmative marketing requirements.

## **2. Current Inventory**

Grafton is at a 5% level of affordability, half way to meeting the 10% state affordability threshold under Chapter 40B. Another 1,207 units are in the development pipeline, either approved or under review, and are expected to enable Grafton’s to surpass the 10% affordability goal in the next couple of years.

Based on the Massachusetts Department of Housing and Community Development’s most recent data on the Chapter 40B Subsidized Housing Inventory (SHI), Grafton had 7,750 year-round housing units based on the 2020 U.S. census (up considerably from 5,820 units in 2000), of which 388 are currently counted as part of the SHI.

To meet the 10% goal, at least 775 of the existing units would have to be “affordable” based on the state’s definition, requiring another 387 housing units to be built or converted to affordable units in Grafton to meet the 10% goal which will likely be reached in the near future as pipeline projects are eligible for inclusion in the SHI. Moreover, additional affordable units will be required to keep pace with housing growth and a new affordability goal will be established when the 2030 census figures are released that will provide an updated count of year-round housing units.

As summarized in Table II-30, Grafton’s SHI includes the following projects that are owned and managed by the Grafton Housing Authority with 170 units:

- *Veteran’s Circle*  
This 16-unit project was built in 1950 and was among the first public housing projects in the state, initially dedicated to providing housing for returning veterans following World War II. The project includes eight, two-bedroom units and eight, three-bedroom units for families. There is a huge demand for these units as there is little turnover.

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the construction of low- or moderate-income housing for those earning less than 80% of area median income) by permitting the state to override local zoning and other restrictions in communities where less than 10% of the year-round housing is subsidized for low- and moderate-income households.

- *Forest Lane*  
The Forest Lane development includes 88 one-bedroom units for seniors and the disabled under the age of 60, including six handicapped accessible units.
- *McHale Drive*  
Like Veteran's Circle, McHale Drive is a development targeted to families. Built with state financing in 1987, the project has six units, a two-bedroom unit that is designed to be accessible to the handicapped and five, three-bedroom units. This development, also like Veteran's Circle, has very little turnover.
- *Forestview (Snow Road)*  
This project was developed as special needs housing by the Grafton Housing Authority but is currently managed by a social service provider, Riverside Community Care, for the state's Department of Mental Health patients. There are two buildings, each with five units, and another building with ten units that includes a mix of one and two-bedroom apartments.
- *Maxwell Drive (also known as Pleasant Court)*  
The Maxwell Drive project was also developed as housing for seniors and the younger disabled. Built in 1964, it has 40 one-bedroom units.

The Grafton Housing Authority therefore owns 170 units that include only 22 units for families. Given the state's centralized waitlist through the Common Housing Application for Massachusetts Programs (CHAMP), when GHA pulls the waitlists for those who have applied for their units, it can take months to process the applications. While turnover is lower for family units and waits are thus longer, there are also typically wait times of at least a year for units in their elderly developments for local residents, potentially longer for those who do not live in Grafton.<sup>27</sup> At least 13.5% of the units in these senior developments are reserved for those who are under the age of 60 and have a disability, and waits of about five years can be expected for these units. As noted above, units in the Housing Authority's family developments rarely become available, as turnover usually occurs only upon eviction or when children move out.

The Housing Authority does not administer Section 8 Housing Choice vouchers but does manage six MRVP rent subsidies where the tenant pays a portion of their income and landlords receive a Fair Market Rent (FMR) adjusted annually by HUD by area and number of bedrooms.

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<sup>27</sup> Top priority goes to applicants confronting an emergency, such as homelessness or domestic violence, and veterans. Local residents become the next priority for GHA units.



**Table II-30: Grafton's Subsidized Housing Inventory (SHI)**

<b>Project Name</b>	<b># SHI Units</b>	<b>Project Type/ Subsidizing Agency</b>	<b>Use of a Comp Permit</b>	<b>Affordability Expiration Date</b>
Veteran's Circle *	16	Rental/DHCD	No	Perpetuity
Forest Lane *	64	Rental/DHCD	No	Perpetuity
Forest Lane *	24	Rental/DHCD	Yes	Perpetuity
Pleasant Court/Maxwell Dr.*	40	Rental/DHCD	No	Perpetuity
Forestview/Snow Road *	20	Rental/DHCD	Yes	Perpetuity
McHale Drive *	6	Rental/DHCD	Yes	Perpetuity
Green Acres Estates	48	Rental/HUD and RHS	No	2041
DDS Group Homes	26	Rental/Special Needs	No	NA
Hilltop Farms	64	Ownership/FHLBB	Yes	Perpetuity
Providence Road Commons	7	Ownership/DHCD	Yes	Perpetuity
Peters Estates	2	Ownership/DHCD	Yes	Perpetuity
Dendee Acres	2	Ownership/DHCD	No	Perpetuity
Flint Pond Estates	18	Ownership/DHCD	Yes	Perpetuity
DMH Group Homes	<del>14</del> /20	Rental/DMH	No	NA
High Point Estates/Adams Trust	17	Ownership/FHLBB	Yes	Perpetuity
Craftsman Village	6	Ownership/DHCD	Yes	Perpetuity
Elmrock Estates	8	Ownership/MassHousing	Yes	Perpetuity
Village at Grafton Woods	0	Rental/DHCD	No	2052
<b>Total</b>	<b>388</b>	<b>264 Rental Units (68%) 124 Ownership Units (32%)</b>	<b>172 or 44% involved Chapter 40B</b>	

Source: Massachusetts Department of Housing and Community Development, February 24, 2023.

\* Grafton Housing Authority units. Shaded projects include units added to the SHI since 2017.

There are 218 additional SHI units that have been built by other entities including:

- Green Acre Estates**  
 Grafton Housing Associates, Inc. developed Green Acre Estates as a rental development for low-income seniors in 1981. The project has 48 units and was financed through Rural Development with Section 8 rental subsidies to enhance affordability. While the affordable units were threatened by expiring affordability restrictions, the Section 8 housing subsidies that ensure affordability have been extended through 2041.
- Hilltop Farms**  
 This 256-unit condominium project, developed by Pulte Homes through a Chapter 40B comprehensive permit, includes 64 affordable units with sales prices that initially ranged between \$133,000 and \$150,000 as opposed to the mid-\$300,000 level to more than \$400,000 for the market units. The Town received a sizable financial settlement from unreported excess funds that the developer made on the sale of the units, which was discovered through a state audit. These funds have been deposited into the Grafton Affordable Housing Trust Fund for use in support of affordable housing initiatives.

- *DDS Group Homes*  
The Subsidized Housing Inventory includes 26 units of special needs housing for Department of Developmental Services (DDS) clients, which are spread among a number of group homes in neighborhoods of Grafton.
- *Providence Road Commons*  
An additional four affordable units were created as part of the Providence Road Commons project that included a total of 16 townhouse condominiums, permitted through the Chapter 40B comprehensive permit process.
- *Peters Estates*  
The Peters Estates subdivision includes an affordable duplex in a ten-lot subdivision, also permitted through Chapter 40B.
- *Dendee Acres*  
This project included eight (8) new homes off Main and Elmwood Streets of which two (2) units are affordable (LIP). The Planning Board granted a Special Permit for the development in 2005, and the state approved the affordable units as Local Action Units through its Local Initiative Program (LIP).
- *Flint Pond Estates*  
This project involves 72 townhouse condominiums, 18 of which are affordable, in 28 buildings on 21.5 acres on Creeper Hill Road. The project was permitted through the state's Local Initiative Program (LIP), referred to as the "friendly 40B" program<sup>28</sup>.
- *Highpoint Estates/Adams Trust*  
On December 24, 2002, Grafton's Zoning Board of Appeals approved the comprehensive permit for this project located off Adams Road with conditions that were appealed to the state's Housing Appeals Committee (HAC) and finally approved for 76 units on January 2005. The subdivision involves 76 lots – 75 new homes and one existing home with 17 affordable units.
- *DMH Group Homes*  
The SHI also includes 20 units of special needs housing for Department of Mental Health (DMH) clients that are included in group homes in various neighborhoods of Grafton.
- *Craftsman Village/Ferry Street*  
This project includes 24 units of which six (6) affordable homeownership units were permitted through the comprehensive permit process.

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<sup>28</sup> The Massachusetts Department of Housing and Community Development initiated the Local Initiative Program (LIP) in 1990 to provide technical assistance to communities that are working with developers to produce affordable housing without state and federal subsidy programs. It was created to promote greater coordination and cooperation between developers and municipalities under the state's Chapter 40B comprehensive permit law in communities with less than 10% of its housing stock reserved for low- and moderate-income households (incomes at or below 80% of area median income).

- *Elmrock Estates*

The ZBA approved this comprehensive permit project in October 2017 that includes 36 homeownership units, nine of which will be affordable. The property has approximately 18 acres and is located on Wheeler and Brigham Hill Roads.

### 3. *Potential Projects*

There are potential affordable housing projects in various stages of planning and review. While these projects will further support Town efforts to produce affordable housing, the number of units that are either underway or proposed would potentially add another 894 units to the SHI,<sup>29</sup> These units are summarized in Table II-31 and described below.

It is also important to note that of the 1,084 proposed units in the development pipeline, with 894 SHI units, only 271 or about 25% would be affordable to those with incomes at or below 80% AMI. Moreover, these affordable rents and purchase prices, based on state formulas, are out of reach for those whose incomes do not fall close to the 80% AMI limits. For example, a two-bedroom apartment would involve a rent of \$1,990 minus an allowance for any utility costs paid by the tenants. With market rents in the \$1,400 to \$1,600 range for two-bedroom units, these affordable units could be considered above market. Moreover, the median income earning renter household with an income of \$52,212 according to 2021 census estimates, would be hard-pressed to pay more than \$1,055 in rent assuming they are paying 30% of income on housing costs with an average utility allowance of \$250 per month. Certainly, these new units will fill some of the existing housing need, most of the housing needs remain unmet, particularly for the community's most financially vulnerable residents.

The Town might consider encouraging developers of Local Initiative Program (LIP) rental developments to create at least 20% of the units for those with incomes at or below 50% AMI versus 25% at 80% AMI.

- *Village at Grafton Woods*

The Town approved a Chapter 40R Smart Growth Overlay District, the North Grafton Transit Village Overlay District, to support the development of a Transit Village in North Grafton near the MBTA Station and former Grafton State Hospital. State agencies such as MassDevelopment, DCAMM and the MBTA had shown considerable interest in the development of this area. DCAMM, for example, prepared bid packages for developers to purchase eight acres at the former State Hospital and Job Corps campus along Pine Street opposite Centech Park. This property has become the pivotal component of creating the mixed-use Transit Village.

The developer, GXS-ODG, LLC, received site plan approval by the Planning Board in July 2021 to build a mixed-use project with 317 rental units and 11,400 square feet of retail space. Twenty-five percent or 80 of the units will be affordable, however, all 317 units will be eligible for inclusion on the SHI.

Because of its size, Grafton received Housing Production Plan certification for this project, obtaining a "Safe Harbor" for two years during which time the Town does not have to accept Chapter 40B comprehensive permit applications which it deems do not address local housing

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<sup>29</sup> It is worth noting that the Town has been studying infrastructure needs vis a vis future growth. In regard to wastewater capacity, it has determined that Grafton has capacity for growth but needs to identify opportunities to increase capacity.

needs. This certification was set to expire on March 6, 2024, but because building permit payments were stalled, required within one year of obtaining certification, the Town lost its Safe Harbor status. The units are therefore removed from the SHI until building permits are issued. State requirements also include the issuance of Certificates of Occupancy within 18 months of certification, something that is now unlikely and may need the Town to void the current permit and begin the permitting process again.

The Town has decided to incorporate this development into its new zoning to achieve Section 3A compliance as part of being designated an MBTA Community.

- *Prentice Place Development*

The developer, Prentice Place LLC, submitted a comprehensive permit application to the Grafton Zoning Board of Appeals on August 23, 2017, to build 48 affordable rental units on 2.56 acres on Prentice Street. The number of units has been reduced to 40, and the comprehensive permit has been approved, making the project eligible for inclusion in the SHI. While only 25% of the units will be affordable, all 40 units will be eligible for inclusion in the Town's Subsidized Housing Inventory. These units will not be eligible for contribution to annual housing production goals because the project has already been permitted.

- *Fisherville Terrace*

The ZBA approved the Fisherville Terrace development in December 2010, and the project is now under construction. The development includes 100 single-family ownership units of which 25 will be affordable. Because the project is a 40B ownership development, only 25 units will be eligible for inclusion in the SHI. The site includes about 25 acres off Main Street in South Grafton. This project will boost the SHI percentage, but the units will not be eligible for inclusion under annual housing production goals because the project has already been permitted.

- *Winslow Point*<sup>30</sup>

The Grafton Planning Board approved the Special Permit and Site Plan Approval for the Winslow Point, formerly known as "Afonso Village," project in January 2018 and several extensions of the permit have subsequently been approved. The project involves two 3-story mixed-use buildings, each with about 7,022 square feet of commercial/business space on the first floor and 16 residential units on the above floors; two 4-story buildings, each with 50 dwelling units; and five townhouse units for a total of 137 units. There will be 32 rental units in the 3-story buildings, 100 condos in the 4-story structures, and five single-family townhomes. A total of 53 units will be eligible for inclusion in the SHI including all 32 rental units (8 actually affordable) and 20% of the ownership units or 21 units. The property, owned by D&F Afonso Builders, Inc. and Pulte Homes, is located at 100 Westboro Road in North Grafton. The project is being developed by Pulte Homes of New England, LLC. When building permits are issued, the units should be eligible for inclusion on the SHI.

- *25 Worcester Street*

The Grafton Affordable Housing Trust issued a Request for Proposals (RFP) for the development of 25 Worcester Street, the site of the former high school on approximately 2.3 acres. The

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<sup>30</sup> It should be noted that Pulte Homes is developing another 46 single-family homes as part of the Woodland Hill project on an adjoining site at Institute Road, also known as the Village at Institute Road. This project will not include any affordable units.

project is a proposed to create 48 affordable rental units for seniors that will be permitted through the state Local Initiative Program (LIP), also known as the “friendly 40B” program. Proposals were due April 6 with two responses, only one of which was an eligible submission. The Trust awarded the bid to Worcester Community Housing Resources on April 13, 2023.

- 27 Upton Street**  
 This project involves a rental development, also with GSX ODG, LLC serving as developer in the Village Mixed Use Overlay District. The project involves a Special Permit and Site Plan approval by the Planning Board. A total of 25% of the units must be affordable and all units would be eligible for inclusion in the SHI.
- Pleasant Commons**  
 Pleasant Commons involves the development of four buildings with a total of 104 rental units at 59 Pleasant Street. While all units will qualify for counting as part of the SHI, 25% or 26 units would be actually affordable
- Miscoe Hills**  
 The Miscoe Hills development involves another LIP with a total of six buildings and 152 apartments at 116 Upton Street. Once again, because it is a Chapter 40B rental development, all 152 units would potentially be included on the SHI while only 25% or 38 units would be affordable.
- 165 Worcester Street**  
 The 165 Worcester Street project is a small rental development that includes three buildings, each with two 2-bedroom units. All six units would be eligible for inclusion in the SHI with three units affordable to tenants with incomes at or below 80% AMI.

**Table II-31: Potential Projects**

Project Name	Total # Units	Projected # SHI Units/ Affordable Units	Project Type	Use of Comp Permit
Prentice Place	40	40/10	Rental	Yes
Fisherville Terrace	100	25/25	Ownership	Yes
Afonso Village	137	53/29	Mix: 32 rental and 105 ownership	No: Special Permit and Site Plan Approval
25 Worcester Street	45	45/45	Senior Rental	Yes
Pleasant Commons	104	104/26	Rental	Yes
Miscoe Hills	152	152/38	Rental	Yes
165 Worcester Street	6	6/3	Rental	Yes
14 Snow Road	267	267/67	Rental	Yes/Proposed
5 Millennium Drive	233	233/59	Rental	Yes/Proposed
<b>TOTAL</b>	<b>1,084</b>	<b>894/271</b>	<b>879 or 81% of rental units; 19% ownership</b>	<b>947 or 87% of units through 40B</b>

- 14 Snow Road**  
 The proposed Snow Road project involves the development of four buildings with a total of 267 rental units. The developer has proposed permitting through the Local Initiative Program (LIP).

While all 267 would potentially qualify for counting as part of the SHI, 25% or 67 units would be affordable.

- *5 Millennium Drive*

Another recently proposed Chapter 40B rental development involves 233 units in two separate buildings and a mix of unit sizes. While all units would qualify for inclusion in the SHI, 59 units would have to be affordable and occupied by households with incomes at or below 80% AMI.

While there are a couple of other projects that have been discussed over the years including:

- *Fisherville Mill Overlay District/ 40R District*

The May 2007 Town Meeting approved the Fisherville Smart Growth Overlay District, which was subsequently approved by the Attorney General in August 2007. This District was created as part of a Chapter 40R Smart Growth Overlay District to revitalize the older Fisherville Mill site. A mixed rental and ownership project with a mixed-use development component, more compact design, preservation of open space, and a variety of transportation options had been proposed but stalled for a variety of reasons. The Town continues to work with the property owner to move development forward.

The Fisherville Mill site is divided into two parcels, the larger (8 acres developable) on the north side of Route 122A, and the smaller (2 acres developable) on the south side. The smaller parcel is environmentally clean and is on the market for development. The larger parcel, which was the site of the mill complex that burned in 1999, has environmental issues that are in the process of remediation. In 2013, the Town closed out the US EPA demonstration grant for the remediation effort. In 2019, the owner submitted an Approval Not Required Plan to the Planning Board which was subsequently endorsed. The ANR separates off the southern parcel to allow for it to be marketed for development. The owner continues to market the property and Planning staff provide technical assistance regarding Chapter 40R District requirements. Planning staff recently submitted an EEA Dam and Seawall grant in partnership with the property owner to advance the design and permitting required to repair/stabilize the Fisherville dam. This site is being looked at for MBTA district compliance, alongside the North Grafton Transit Village Overlay District (NGTVOD), a portion of the VU in South Grafton, and the VMU-GT district (central Grafton)

- *Adams Road/Miscoe Brook Preserve:* The Planning Board approved the Miscoe Brook Preserve project in 2001 and as part of the development agreement required Lot 5 be developed as an affordable unit when the property was sold. After that, another special permit application was filed and approved in 2010.

#### **F. Priority Housing Needs**

Based on this Housing Needs Assessment, there are key indicators that suggest the following local priority needs:

##### ***1. Households with Limited Incomes – Need Subsidized Rental Opportunities (Goal of 85% of new units)***

Based on input from a wide variety of sources including the Town's housing goals (see Section V), census data, market information, community input, state requirements, as well as prior planning efforts, this

Housing Production Plan recommends a ***continued focus on rental unit development*** based on indicators of housing need as well as the following important considerations:

- Target the needs of the community's most vulnerable residents with limited financial means as rental housing is typically more affordable and requires less up-front cash.
- Leverage other funds as state and federal resources are almost exclusively directed to rental housing development, family rentals in particular.
- Reflect units currently in the development pipeline that largely involve rentals.
- Enable all units in Chapter 40B rental developments to be counted as part of the SHI while only the actual affordable units can be counted in homeownership projects. While Grafton is poised to surpass the 10% state affordability threshold in the next few years, rental development will better enable it to maintain this status in the context of future housing growth.
- Promote greater housing diversity as most of the community's housing involves single-family detached homes.
- Invest subsidy funds in support of greater numbers of households/occupants over time as rentals turnover more regularly than ownership units.
- Provide more appropriately sized units for increasing numbers of small households.
- Provide opportunities for some seniors who are "overhoused" and spending too much on their housing to relocate to more affordable and less isolated settings, opening their homes to families requiring more space.
- Enhance the ability to qualify occupants for housing subsidies as state requirements for including units on the SHI make it very difficult for long-term homeowners to be eligible for subsidized housing given asset limits.

To date, 68% of SHI units have been developed as rentals and 879 or 81% of the 1,084 potential pipeline projects are rentals. Given this pipeline as well as the issues listed above, this Housing Production Plan recommends housing production goals of a split of about 85% rentals to 15% ownership units.

### **Indicators of Need for Rental Housing**

Despite signs of increasing affluence in Grafton, *there remains a significant population living in the community with very limited means* as detailed in Section II.B. Continuing long waits for Housing Authority units and substantial cost burdens suggest the need for an increasing number of subsidized rental units. Of particular concern are units that can be targeted to very low-income households with substantial cost burdens.

The analysis included in Table II-27 projects a shortage of 504 rental units for low- and moderate-income renters. This data, however, was based only on existing renters in 2019 and does not reflect pent-up regional need for additional rental opportunities, particularly in the context of an increasingly costly housing market.



It is also important to note that of the 894 proposed SHI units, only 271 or 25% would be affordable to those with incomes at or below 80% AMI. Moreover, these affordable rents and purchase prices, based on state formulas, are out of reach for those whose incomes do not fall close to the 80% AMI limits. For example, a two-bedroom apartment would involve a rent of \$1,990 minus an allowance for any utility costs paid by the tenants. With market rents in the \$1,400 to \$1,600 range for two-bedroom units, these affordable units could be considered above market. Moreover, the median income earning renter household with an income of \$52,212 according to 2021 census estimates, would be hard-pressed to pay more than \$1,055 in rent assuming they are paying 30% of income on housing costs with an average utility allowance of \$250 per month.

**A representative from the Grafton Council on Aging expressed concern about seniors who are renting and find themselves unable to afford high rent increases or are confronted with the situation of the owners selling the property, leaving them without affordable housing alternatives in the community.**

Consequently, many of the pipeline units will be unaffordable to many low- and moderate-income households, especially those with incomes at or below 50% AMI. There are 370 of these extremely low and very low-income households in Grafton. To reach these households, developments need to incorporate multiple layers of subsidized financing, including mechanisms such as Low Income Housing Tax Credits (LIHTC). Such financing will be key to the planned development of the old high school site at 25 Worcester Street for example.

Other indicators of rental housing include:

- While there are many more owner-occupied units than rentals in Grafton, the number of unmet housing needs, based on cost burdens, is proportionately higher for renters. For example, one-third of renters had cost burdens which is markedly higher than the percentage of 21% for owners. Regarding severe cost burdens, 22% of renters were experiencing such affordability challenges compared to 7.4% of owners.
- The 2021 census estimates identified a 4.5% percent rental vacancy rate in Grafton, signaling a very tight rental market, which realtors have confirmed.
- The current supply of rental housing is limited with 2,127 units, representing about 28% of the Town's housing stock.
- Subsidized rental housing in Grafton is difficult to access given long wait lists and relatively low turnover.
- While incomes have been rising over the years, there remains a very vulnerable population living in the community with limited financial means. The percentage of those making less than \$25,000 increased over the past decade, from 9.3% (578 residents) in 2010 to 10.9% (812 residents) in 2021. This increase of 40% was double the total growth of households over this period. An additional 301 households had incomes in the \$25,000 to \$34,999 range, also likely to be struggling financially to remain in the community given rising housing costs and other costs of living.
- Poverty has been increasing. For example, census figures indicate that those with incomes below the poverty level<sup>31</sup> increased from 4% in 1979 to 7.3% by 2021, adding 270 residents to the poverty rolls. Between 2010 and 2021, the number and percentage of families living in

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<sup>31</sup> The 2022 federal poverty level from the U.S. Department of Health and Human Services was \$13,590 for an individual and \$23,030 for a three-person household for example.

poverty also increased from 2.5% to 3.7%, or from 118 to 182 such households. A very concerning trend is the increase in older residents living in poverty; that figure has tripled between 2010 to 2021 from 113 to 374 residents 65 years and older (5.9% to 14.2% of all such individuals). Hopefully, the conversion of the old high school property for affordable senior housing will address some of this need.

- A total of 504 or half of renter households earning at or below 80% MFI were overspending, including 220 or 22% who were severely cost burdened. It is likely that most of the other renters in this income range, who were not overspending, were living in subsidized housing.
- While there are very few rental listings, market rents are at about \$1,500 for a two-bedroom apartment. This rent would require an income of about \$70,000 assuming the tenant paid 30% of income on housing costs, including an estimate of \$250 in monthly utility bills.
- The relative lack of listings indicates that most rental transactions that did occur were likely accomplished by word of mouth and confirms the tight market conditions intensified by very low inventory in the housing stock.
- Renting an apartment in the private housing market requires a substantial amount of upfront cash. Most apartments require first and last month's rent plus a security deposit. For a \$1,500 apartment, that totals as much as \$4,500, an amount that many prospective lower income tenants do not have available.

This Housing Plan recommends that rental housing goals involve a distribution largely in line Table II-31 based on annual housing goals over the five-year term of this Housing Production Plan (one half of 1% of the Town's year-round housing units or 39 units). Given the substantial cost burdens among seniors and single individuals, there is clearly a need for smaller units while the provision of affordable family housing must be a priority given such limited numbers and long waits for subsidized family units.

## **2. Homeownership Need – Goal of 15% of new units produced**

The high cost of housing is shutting many residents out of the private housing market. For example, the median single-family house price was \$537,500 in 2022. High upfront costs also challenge first-time purchasers. The combination of few subsidized ownership units, long waits for such units, and high affordability gaps is making it increasingly difficult for families to afford to buy a home in Grafton. More affordable options and other forms of assistance are necessary to support a range of incomes and families.

Table II-27 is based on the HUD CHAS report summarized in Table II-26, comparing numbers of households earning within various income ranges to units that are affordable to them. These calculations suggest that there is a 1,136-unit deficit in homeownership units, including 774 units for those earning below 80% AMI.

As noted earlier, only units that are occupied by those earning at or below 80% of area median income and meet other state requirements can be counted as part of the Subsidized Housing Inventory. **Moreover, it is difficult for existing homeowners to qualify for new affordable housing opportunities as there are limits on financial assets and current ownership in state requirements.** For example, state requirements regarding assets limit qualifying purchasers of age-restricted housing (55 years and over) to no more than \$200,000 in net equity from a previous house owned within the last three years and an additional \$75,000 in financial assets. Many seniors do not qualify for affordable housing that can be counted as part of the Subsidized Housing Inventory, particularly in communities with high property values, such as Grafton, where long-term owners are likely to have earned substantial amounts of equity in their homes. Nevertheless, such housing does serve an important need for local seniors who want to

afford to live independently in Grafton but in less isolated settings that better meet their current lifestyles and without the hassles of home maintenance.

Units in nonage-restricted developments require financial assets be no more than \$75,000 and no prior ownership within the last three years with minor exceptions. Ownership options do provide important affordable opportunities for first-time homebuyers.

It should also be noted that almost all state subsidy programs are directed to rental housing development which makes the financing of homeownership development, beyond the Chapter 40B process and its internal subsidies in developments with market units or CPA funding, very limited.

### Indicators of Need for Ownership Housing

While this Plan recommends a continued focus on subsidized rental development, it also suggests addressing unmet local needs through homeownership development in the form of starter homes for families or smaller units for downsizing empty nesters looking to minimize home maintenance demands. Indicators of unmet local housing needs for affordable homeownership opportunities include:

- As noted above, HUD data indicated that many Grafton homeowners are spending too much of their income on housing including 1,136 households with cost burdens, 774 of whom had incomes at or below 80% AMI.
- Census information on vacancy rates indicate a 0.5% rate for ownership units in Grafton.
- A local realtor confirmed the very limited inventory of available homes with sellers experiencing multiple offers but with few options for upgrading within the community.
- To afford the median sales price of a single-family home of \$537,500, based on The Warren's Group's data as of the end of 2022, a household would have to earn an estimated \$149,000 assuming 80% financing and the ability to come up with down payment and closing costs of more than \$110,000, a major economic barrier for many and first-time homebuyers in particular.<sup>32</sup> This income is almost double the 2022 80% AMI limit for a household of three at \$79,600. The income required in the case of 95% financing would be higher at \$174,600.<sup>33</sup>
- The average household, based on the median household income of \$107,237, could likely afford a home costing no more than about \$395,000.<sup>34</sup> There is therefore an affordability gap of about \$142,500 - **the difference between the median priced single-family home (\$537,500) and what a median income household can afford (\$395,000) based on 80% financing.** These purchasers must have substantial cash on hand for the 20% down payment plus additional closing and moving costs, which effectively widens the affordability gap considerably.
- For 95% financing, the affordability gap would widen to \$200,500, the difference from the single-family house value and the amount that can be borrowed based on 95% financing or about \$337,000.
- The affordability gap widens to about \$278,500 if the analysis focuses on those low- and moderate-income households earning at 80% of area median income (AMI), or \$79,600 for a

<sup>32</sup> Figures based on 80% financing, interest of 6.5%, 30-year term, annual property tax rate of \$15.71 per thousand, and insurance costs of \$6 per \$1,000. Also based on the purchaser spending 30% of gross income on mortgage (principal and interest, taxes, and insurance).

<sup>33</sup> Figures based on 95% financing and above assumptions.

<sup>34</sup> Figures based on 80% financing, interest of 6.5%, 30-year term, annual property tax rate of \$15.71 per thousand, and insurance costs of \$6 per \$1,000. Also based on the purchaser spending 30% of gross income on mortgage (principal and interest, taxes, and insurance).

family of three (3), who can afford a house costing no more than about \$259,000 based on 95% financing.<sup>35</sup> The gap would be smaller, at \$242,500, if the purchaser accessed 80% mortgage financing. The segment of Grafton's housing stock within this purchase price is disappearing given rising market prices.

While this Housing Production Plan recommends that most of the new housing development focus on rental housing, there are still opportunities to assist lower-income owners. Besides new affordable homeownership development, there may be other housing initiatives that can support the needs of local homeowners with more limited income and high-cost burdens including:

- Increasing the level of tax exemptions for homeowners based on certain qualifications that go beyond current programs. For example, the Town provides tax relief to senior citizens but only up to a maximum of \$1,000 for maximum incomes of \$25,261 for single individuals and \$37,802 for married couples and asset limits of \$40,000 or \$55,000 depending on whether the applicant was single or a married couple, respectively.
- Making it easier to create accessory dwelling units (ADUs), also known as accessory apartments or in-law units, that can provide small rentals while also offering more income to existing cost-burdened owners.
- Providing low-cost housing rehab loans to make necessary repairs.
- Promoting existing programs and services that can help reduce the costs of qualifying homeowners.
- Creating new rental opportunities to enable older homeowners to downsize to housing that is more appropriate to their current lifestyles and needs.
- Providing new programs, such as emergency repair programs, to keep homeowners with limited incomes in place while improving their health and safety.

**3. *Integrate handicapped accessibility and supportive services into new development – Goal of at least 20% of all units produced for seniors and persons with disabilities and 10% for families***

Given that 10.5% of Grafton residents report some type of disability and those 65 years and older are projected to increase to as much as one-fifth of all residents by 2030, focus must be on how to support to these populations and enable them to live actively and independently in the community. Handicapped accessibility and supportive services (such as those offered by the Council on Aging or through assisted living, as well as transportation, home maintenance and other service-related programs) should be integrated into new housing production efforts.

**4. *Housing Condition Need – A portion of homeownership unit goals***

More than half of Grafton's housing stock was built prior to 1980 and thus many units are likely to have traces of lead-based paint, posing safety hazards to children and problems concerning aging systems and structural conditions. Programs are needed to support necessary home rehabilitation, including de-leading, energy-efficient upgrades, and septic repairs for units occupied by low- and moderate-income households, particularly for the elderly living on fixed incomes and investor-owned properties tenanted by qualifying households. Some communities have introduced Housing Rehab Programs with Community Development Block Grant (CDBG) funding from the state, and others have established Small

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<sup>35</sup> This analysis assumes the ability of the purchaser to obtain subsidized mortgage financing from the ONE Mortgage Program or MassHousing mortgage offerings. Therefore, no private mortgage insurance (PMI) was included in the calculations and 95% mortgage financing was assumed.

Repair Grant Programs with local funding. There are also state programs that can be helpful such as the Get the Lead Out Program and Home Modification Program.

### 5. *Summary of Housing Needs*

Based on the above listed indicators of need and past and current affordable housing development patterns, this Housing Needs Assessment recommends that housing production goals incorporate an 85% to 15% split between rental and ownership units. Given annual housing production goals of 39 units per year, the following housing goals by priority need are proposed:

**Table II-31: Summary of Housing Production Goals Based on Priority Needs**

Type of Units	Target Populations	Annual Goals*	5-Year Goals
Rental Housing @ 85% of units	Seniors, Individuals & Disabled (38.5%)	15	75
	Families (46.1%)	18	90
	<i>Subtotal</i>	<i>33</i>	<i>165</i>
Homeownership @ 15% of units	Families (15.4%)	6	30
Total		39	195
Handicapped accessibility/supportive Services	Seniors, Individuals & Disabled (at least 20%)	3	15
	Families (at least 10%)	2	10
	<i>Subtotal</i>	5	25
Housing Improvements**	An added portion of ownership Units	2	10

\*Based on annual housing production goal of 39 units. \*\* Unlikely to count as part of the SHI.

**Have not yet updated Section III, IV, and V**

**Section III**

**HOUSING DEVELOPMENT CHALLENGES AND MITIGATION MEASURES**

It will be a great challenge for the town of Grafton to create enough affordable housing units to meet the state's 10% affordable housing standard, production goals and local needs, particularly in light of current constraints to new development including the following:

**A. Zoning**

***Challenges***

As is the case in most American communities, a zoning by-law or ordinance is enacted to control the use of land including the patterns of housing development. Like most localities in the Commonwealth, Grafton's Zoning By-law largely embraces large-lot zoning of one to two acres that maintains low housing densities and severely constrains the construction of affordable housing. However, Grafton's provisions do offer some amount of flexibility as to requirements for residential development including:

- *Smaller, one-half acre zoning*, 20,000 square feet minimum lot size, is allowed in Medium Density Residential Districts, which are located along the Route 122 – Providence Road corridor, the Fisherville area of South Grafton, and in a number of areas of North Grafton.
- Multi-family development (a multi-family property is described as a residence containing three or more units) is allowed by Special Permit in *Multi-family Residential Districts* and must be connected to public water and sewer systems. These Districts are for the most part located along Route 122, Providence Road. The by-law requires a minimum lot size of 5,500 sq. ft. per unit, that parking be screened from streets, that at least 25% of the lot area be unoccupied open space, and 1,000 sq. ft. of common open space per unit, among other criteria.
- Major Residential Development Standards are allowed under Special Permit in all residential districts for *Flexible Development* "in which the single-family dwelling units are clustered together into one or more groups on the lot and the clusters are separated from each other and adjacent properties by permanently protected open space."<sup>36</sup> This provision also offers density bonuses if a proposed development "through the quality of its site selection, programming, and design displays a conscious effort to comply with the purposes of Flexible Development."<sup>37</sup> These density levels include increases over the number of dwelling units that would be allowed on the property based on current subdivision requirements of: "(a) 15% of the total permitted under that section if the proposed development complies with at least six of the Design Guidelines specified in Section 5.3.13; (b) 20% of the total permitted under that section if the proposed development complies with at least nine of the Design Guidelines; and (c) 25% if the proposed development complies with all of the Design Guidelines."<sup>38</sup> The Design Guidelines include a provision for affordable housing where at least 10% of the units are created as affordable based on the definition in M.G.L. Chapter 40B.

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<sup>36</sup> Grafton Zoning By-law, Section 5.3.1.

<sup>37</sup> Grafton Zoning By-law, Section 5.3.5.2.

<sup>38</sup> Grafton Zoning By-law, Section 5.3.5.2.

- *Accessory apartments* (described as a separate housekeeping unit, complete with its own sleeping, cooking, and sanitary facilities, that is substantially contained within the structure of a single-family dwelling, but functions as a separate unit) are allowed in all residential districts under Special Permit.<sup>39</sup>
- The *Fisherville Smart Growth Overlay District* was approved by the May 2007 Town Meeting and subsequently approved by the Attorney General in August 2007. This District was created as part of a Chapter 40R (see Appendix 3 for details) program to revitalize the older Fisherville Mill site. The development was envisioned to include a range of housing opportunities, rental and ownership, a mixed-use development component, more compact design, preservation of open space, and a variety of transportation options. At least 20% of the units must be affordable in ownership projects and 25% for rentals.<sup>40</sup>
- The Town approved a *Village Mixed Use District in South Grafton* to fulfill the following purposes:
  - Promote development in South Grafton that encourages a mixed-use environment that is less automobile dependent and more pedestrian-friendly.
  - Encourage a diverse mix of business, commercial, office, residential, institutional and entertainment uses for workers, visitors, and residents.
  - Permit uses that promote conversion of existing buildings in a manner that maintains the visual character and architectural scale of existing development within the district.
  - Minimize visual and functional conflicts between residential and nonresidential uses within and abutting the district.
  - Promote pedestrian and bicycle circulation and safety.
  - Encourage work/live spaces.

The Town also approved an affordability component as part of this zoning in 2016, requiring at least 20% of the units be affordable and eligible for inclusion in the SHI in homeownership projects with at least a 25% affordability requirement in rental developments.<sup>41</sup>

- The *North Grafton Transit Village Overlay District* was approved in 2017 to encourage smart growth in accordance with the purposes of Chapter 40R and to promote mixed-use development along with a range of housing opportunities, including affordable housing. The 40R district is also meant to foster a distinctive and attractive site development program that promotes compact design, preservation of open space, and a variety of transportation options, including enhanced pedestrian access to employment and nearby transportation systems.<sup>42</sup>
- The Town is also working on new *Village Mixed Use District zoning along Worcester Street* that will likely have similar provisions to those included in the Village Mixed Use District in South Grafton, including affordable housing requirements.

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<sup>39</sup> Grafton Zoning By-law, Section 2.1 Uses and Structures and Section 3.2.3.1 Use Regulation Schedule.

<sup>40</sup> Grafton Zoning By-law, Section 10.

<sup>41</sup> Grafton Zoning By-law, Section 12.

<sup>42</sup> Grafton Zoning By-law, Section 13.



### ***Mitigation Measures***

This Housing Plan includes a couple of strategies that are directed to reforming local zoning regulations, making them “friendlier” to the production of affordable housing and smart growth development. These include pursuing Village Center zoning in the Worcester Street area, incentivizing affordable housing in the flexible zoning bylaw, and allowing the development of nonconforming lots for some amount of affordable housing in some zoning districts.

## **B. School Enrollment**

### ***Challenges***

Grafton’s Public School Department enrollment figures show increases in school enrollments with the number of students (pre-K through grade 12) increasing from 2,675 during the 2000-2001 school year to 2,905 by 2011-2012, and then up to 3,189 in the 2016-2017 school year, representing an overall increase of 19%. This is somewhat lower than the population growth rate of 23% during the same period as well as the growth of those 5 to 17 years old of 23% as well from 2,750 residents in 2000 to 3,373 by 2016 according to census figures.

Public School enrollment projections from the New England School Development Council, prepared in December of 2015, suggest some decreases in the pre-kindergarten through high school enrollments to 3,182 students by 2020.

### ***Mitigation Measures***

While there was considerable school overcrowding in the past, the Town voted to build a new high school in May 2010, which was completed several years ago. This major development project in combination with some redistribution of students among various schools, has resolved capacity problems.

## **C. Transportation**

### ***Challenges***

Despite improved access to public transportation through the new commuter rail station, traffic in Grafton remains a problem and is projected to increase given continued development. “To accommodate new development, the Central Massachusetts Regional Planning Commission (CMRPC) anticipates that in Grafton at buildout there will be ninety-eight miles of newly created streets, of which 88.6 will be residential. With the addition of an average of a fifty-foot right of way, this means that 536 acres (88% of a square mile) will be consumed by these streets.

### ***Mitigation Measures***

In view of present traffic and projected increases, it is essential that the Town evaluates and selects appropriate measures to relieve the impact of growth on traffic yet still grow incrementally,<sup>43</sup> a formidable challenge. The Town will continue to study opportunities for easing traffic congestion, and pay particular attention to the projected traffic implications of any new development, working with the developer to resolve problems. Roadway maintenance and long-range planning have continued to be on the forefront of discussions in Select Board meetings. New housing development has slowed down, but Town Meeting has accepted a number of roadway and other infrastructure improvements in existing subdivisions that have improved the Department of Public Work’s capacity to provide basic services such as plowing, sweeping, and catch basin clean-up.

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<sup>43</sup> Thomas Planning Services and Akira Yamashita Associates, Grafton Comprehensive Plan, 2001.

#### **D. Environmental Concerns**

##### ***Challenges***

Grafton is the home of regionally significant natural resources such as the Quinsigamond and Blackstone Rivers, West River, Assabet River, Lake Ripple, Silver Lake, Miscoe Brook, Axtell and the Big Bummet Brook stream corridor, and Fisherville Mill and Pond. In 1986 the Blackstone River Valley was identified as the birthplace of the Industrial Revolution in America and was named a National Heritage Corridor based on its unique opportunities for recreation and cultural enrichment. Most residents are aware of the town's natural treasures and are rightly concerned about conserving them. Additionally, there are considerable areas in town that do not have access to water and sewer services and are therefore reliant on wells and septic systems, providing greater challenges to development. While regulations to protect the environment (e.g., wetlands, aquifers, septic systems) are important and essential, they present challenges to development by reducing the amount of buildable land and increasing the time and costs of developing new housing.

##### ***Mitigation Measures***

Housing strategies are largely oriented to actions that will promote smart growth such as adaptive reuse, affordable accessory apartments, conversion of existing housing, and development of scattered sites in existing neighborhoods. Moreover, Grafton has an active Conservation Commission to protect environmentally sensitive areas. The impacts of any new development must be identified as to how they affect the environment and what actions might be required to mitigate problems.

#### **E. Availability of Subsidy Funds**

##### ***Challenges***

Financial resources to subsidize affordable housing preservation and production as well as rental assistance have suffered budget cuts over the years making funding more limited and extremely competitive. Communities are finding it increasingly difficult to secure necessary funding and must be creative in determining how to finance projects and tenacious in securing these resources.

##### ***Mitigation Measures***

Grafton approved the Community Preservation Act in May of 2002, and the Select Board formally appointed its Community Preservation Committee in January 2003. The Town also established an Affordable Housing Trust Fund to further capture and manage funding in support of affordable housing. This Housing Plan provides guidance on the use of CPA and Housing Trust Funds for affordable housing initiatives that will enable the Town to support the production of new affordable units. In fact, the Town has \$1.5 million available through the Housing Trust Fund and thus has the ability to strategically invest these funds to maximize their impact in the community.

Participants in the Community Workshop that was held as part of the Housing Trust's efforts to prepare a Housing Action Plan indicated that it was important for the Trust to focus on initiatives that will give it the biggest "bang for the buck". Because local funds and administrative capacity are limited, the Town will need to maximize its impact through the efficient and effective use of resources, leveraging other funding.

## **F. Community Perceptions**

### ***Challenges***

During the Community Workshop held in March 2016 as part of preparing the Housing Trust's Housing Action Plan, public opposition emerged as one of the most critical issues confronting the Town in its efforts to produce affordable housing. In most communities, residents are concerned about impacts that new development has on local services and quality of life. They may also have negative impressions of affordable housing and question whether there is a real need for such housing. Therefore, local opposition to new affordable developments is more the norm than the exception. On the other hand, given still high real estate prices, more people are recognizing that the new kindergarten teacher, their grown children, or the elderly neighbor may not be able to afford to live or remain in the community.

### ***Mitigation Measures***

This Housing Plan documents a range of pressing housing needs through the Housing Needs Assessment. Ongoing community outreach and education will be necessary to better acquaint the community with housing needs and garner local support and ultimately approvals for new housing initiatives.

## **Section IV**

### **HOUSING PRODUCTION GOALS**

The Massachusetts Department of Housing and Community Development (DHCD) is administering the Housing Production Program in accordance with regulations that enable cities and towns to prepare and adopt an affordable housing plan that demonstrates production of an increase of .50% over one year, or 1.0% over two-years, of its year-round housing stock eligible for inclusion in the Subsidized Housing Inventory.<sup>44</sup> Grafton currently has to produce at least 36 affordable units annually to meet these production goals based on the 2010 census count of year-round units although this goal will increase to an estimated 39 units when the 2020 figures are released, likely in 2021. If DHCD certifies that the locality has complied with its annual production goals, the Town may, through its Zoning Board of Appeals, deny comprehensive permit applications without opportunity for appeal by developers.

Using the strategies described in Section VI, the Town of Grafton has developed a Housing Production Program to chart affordable housing production activity over the next five (5) years. The projected goals are best guesses at this time, and there is likely to be a great deal of fluidity in these estimates from year to year. The goals are based largely on the following criteria:

- To the greatest extent possible to promote greater public benefits, at least fifty percent (50%) of the units that are developed on Town-owned parcels should be affordable to households earning at or below 80% of area median income, depending on project feasibility. The rental projects will also target households earning at or below 60% of area median income and lower (at 50% and 30% AMI) depending upon subsidy program requirements.
- Projections are based on no fewer than four (4) units per acre. However, given specific site conditions and financial feasibility it may be appropriate to decrease or increase density as long as projects are in compliance with state Title V and wetlands regulations. Housing strategies and production goals therefore focus more on properties where sewer and water services are available.
- Because housing strategies include some development on privately owned parcels, production will involve projects sponsored by private developers through the standard regulatory process or the “friendly” comprehensive permit process. The Town will continue to work with these private developers to fine-tune proposals to maximize their responsiveness to community interests and to increase affordability when feasible.
- The projections involve a mix of rental and ownership opportunities. The Town will work with private developers to promote a diversity of housing types directed to different populations with housing needs including families, seniors and other individuals with special needs to offer a wider range of housing options for residents.
- The goals include a focus on housing development that is accessible to transit or in village areas that are served by available infrastructure and mass transportation.

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<sup>44</sup> Massachusetts General Law Chapter 40B, 760 CMR 31.07 (1)(i).

**Table V-1: Grafton Housing Production Program/Five-Year Program\***

<b>Strategies by Year</b>	<b>Affordable Units &lt; 80% AMI</b>	<b>Ineligible for SHI</b>	<b>Total # Units</b>
<b>Year 1 – 2018</b>			
Review 40B proposals/Prentice Place (rental) **	48	0	48
<i>Subtotal</i>	<i>48</i>	<i>0</i>	<i>48</i>
<b>Year 2 – 2019</b>			
Covered Under Year 1 certification			
Development of Town-owned land/Hudson Avenue/"friendly 40B" (rental)**	40	0	40
<i>Subtotal</i>	<i>40</i>	<i>0</i>	<i>40</i>
<b>Year 3 – 2020</b>			
Covered under Year 2 certification			
Development of Town-owned property/tax title or 88 Ferry Street/"friendly 40B" (ownership)	10	10	20
Mixed-use Development/Village Mixed Use Zoning (ownership) @ 20% affordability	6	24	30
Scattered-site infill development/Adams Road-Miscoe Brook Preserve	2	0	2
Mixed-use/TOD at Fisherville Mill or North Grafton Transit Village development/40R (ownership)**	10	40	50
Scattered-site infill development/group home (special needs rental)	8	0	8
<i>Subtotal</i>	<i>36</i>	<i>74</i>	<i>110</i>
<b>Year 4 – 2021</b>			
Covered under Year 3 certification			
Mixed-use Development/Village Mixed Use Zoning (rental)**	20	0	20
"Friendly 40B" development (ownership)	5	15	20
Scattered-site, flexible development (ownership)@ 20% affordability	8	32	40
Create a homebuyer assistance program (ownership)	3	0	3
Scattered-site infill development and assistance – Housing Rehab Program (ownership)	5	0	5
<i>Subtotal</i>	<i>41</i>	<i>47</i>	<i>88</i>
<b>Year 5 – 2022</b>			
Covered under Year 4 certification			
Development of Town-owned land/25 Worcester Street or Creeper Hill Road/"friendly 40B" (rental)**	36	0	36
Mixed-use/TOD at Fisherville Mill or North Grafton Transit Village development/40R (rental)**	40	0	40
Scattered-site infill development/ small pocket neighborhood/"friendly 40B"	3	7	10

(ownership)			
Create a homebuyer assistance program (ownership)	3	0	3
Scattered-site infill development and assistance/Housing Rehab Program (ownership)	5	0	5
Scattered-site affordable housing on nonconforming lots (ownership)	1	1	2
<i>Subtotal</i>	<i>88</i>	<i>8</i>	<i>96</i>
<b>Total</b>	<b>253</b>	<b>129</b>	<b>382</b>

\* Final determination of the use of existing Town-owned parcels for new affordable housing is subject to a more thorough feasibility analysis of site conditions and Town Meeting approval. If any of the preliminarily identified existing Town-owned properties are finally determined infeasible or do not obtain approval from Town Meeting, it is anticipated that the projected numbers of affordable units would be met through the acquisition of privately owned properties, private development or other Town-owned property.

\*\* All units count in SHI for Chapter 40B rental projects.

## **Section V**

### **HOUSING STRATEGIES**

Add housing goals, previously in the Introduction.

The Town of Grafton has made significant progress in building its capacity to promote affordable housing since it developed its first Affordable Housing Plan in 2006. The Town has implemented the following key strategies that were either included in that Plan and the subsequent Housing Production Plan in 2013 or were a result of alternatives during the implementation process:

#### ***Planning and Community Outreach***

- *Establishment of the Grafton Affordable Housing Trust* in 2007, which replaced the Affordable Housing Committee that was responsible for the 2006 Affordable Housing Plan. The Trust subsequently developed Housing Trust procedures through a Declaration of Trust and then prepared a Housing Action Plan in 2017.
- *Capitalization of the Trust Fund* of almost \$1.5 million as of October 31, 2017 which came from Community Preservation Act funding and a development settlement. In fact, the Town's Community Preservation Committee (CPC) has automatically transferred 10% of its annual funding to the Housing Trust. The CPC also welcomes individual proposals for special housing initiatives through its standard application process.
- *The designation of the Assistant Planner as the key point person* for supporting the efforts of the Affordable Housing Trust and support of Housing Plan preparation and implementation.
- *Community outreach efforts* to showcase affordable housing including a new brochure, annual housing workshops, and special community forums for new initiatives. Of particular note was the recent effort on the part of the Town to obtain significant community input into its Housing Action Plan through a special workshop and housing stakeholder interviews. The Town has also enhanced its website, planning an email subscription system to disseminate important information to the public. Interested parties can sign-up to receive email updates regarding particular activities such as Housing Trust events, announcements, and upcoming lotteries for affordable units.
- *Preparation of a Local Initiative Program (LIP) Procedures Manual* that detailed the respective roles and responsibilities of the Housing Trust, Planning Department and other local leaders for insuring that all state requirements are being met to create and retain affordable units, including those related to project marketing and lotteries.
- *Development of an affordable housing database* that provides information on all units included in the SHI, including detailed information on use restrictions to better monitor affordable units.
- *Creation of the Fisherville Smart Growth Overlay District (FSGOD)* as part of a Chapter 40R program to revitalize the older Fisherville Mill site. Development is envisioned to include a range of housing opportunities, rental and ownership, along with a mixed-use development component to promote more compact design, the preservation of open space, and a variety of transportation options. Town staff continue to meet with the developer to explore development options.



- Creation of the *North Grafton Village Overlay District*, another Chapter 40R Smart Growth Overlay District that will provide important zoning relief and funding to support mixed-use and transit-oriented development near the MBTA Station and help redevelop the former Grafton State Hospital.
- Village Center zoning in the *Village Mixed Use District* in South Grafton that added an affordability component in 2016.
- *Work with local developers to encourage the production of new housing units* including support for projects using the flexible zoning provision or comprehensive permits such as Dendee Acres, Peters Estates, Fisherville Terrace, 123 Ferry Street, etc.
- *Increased coordination of municipal staff* through meetings among various offices to improve communication and cooperation on key Town programs, policies and projects, including those related to affordable housing. An example is a meeting with Senior Center staff and Friends of Grafton Elders to discuss a senior assistance program, however such a program will unlikely to be eligible for Trust financial assistance without deed restrictions.
- *Purchase of 30 Tulip Circle* by the Housing Trust to protect the affordability of this affordable unit that had been foreclosed.

#### ***Assessments of Potential Development Projects***

- Completion of a Phase I Environmental Site assessment of *100 Elmwood Street*.
- Consideration of the transfer of a tax title property (condo) from the Town to the Housing Trust for the purpose of deed restricting and selling the unit as affordable at *395 Providence Road*. This potential project was ultimately abandoned due to the poor condition of the structure.
- Investigation into the feasibility of developing *11-13 Suzanne Terrace* including a review of encroachment issues from an abutter and test soil borings. The project ultimately failed to advance due to several site conditions.
- *Meetings with representation of other housing entities* (i.e., Habitat for Humanity, American Hellenic Educational Progressive Association National Housing Program, and the Grafton Housing Authority) to discuss possible development projects.
- *Preparation of a Request for Proposals (RFP)* to enable the Trust to negotiate with 40B developers to create additional affordable units as part of their development plan. This RFP was never issued but might be adapted to additional projects in the future.

#### ***Unit Preservation and Development***

- Continued review of multiple Chapter 40B proposals under the Local Initiative Program (LIP).
- *Monitoring of resale units* to preserve unit affordability, particularly at Hilltop Farms, where the Universal Deed Riders replaced older antiquated affordability provisions.

- Assistance in *conducting various lotteries for affordable units* including the Peter Estates subdivision.
- The development of a Scope of Services for *a preliminary site analysis of the Town-owned site at Hudson Avenue* for the potential development of affordable housing, ultimately hiring of Graves Engineering to conduct the work.

The Town remains committed to building on this important progress through the actions described in Section VI.A through D below. **The strategies also reflect state requirements that ask communities to address all of the following major categories of strategies to the greatest extent applicable:**<sup>45</sup>

*Identification of zoning districts or geographic areas in which the municipality proposes to modify current regulations for the purposes of creating affordable housing developments to meet its housing production goal;*

Pursue mixed-use and transit-oriented development (strategy VI.A.3)

Adopt Worcester Street Village zoning (strategy VI.C.1)

Amend the Flexible Development By-law to Better Promote Affordable Housing (strategy VI.C .2)

Allow Affordable Development on Noncomplying Lots (strategy VI.C.3)

*Identification of specific sites for which the municipality will encourage the filing of comprehensive permit projects;*

Foster the development of Town-owned land (strategy VI.A.1)

*Characteristics of proposed residential or mixed-use developments that would be preferred by the municipality;*

Pursue mixed-use and transit-oriented development (strategy VI.A.3)

Adopt Worcester Street Village zoning (strategy VI.C.1)

Partner with private developers on “friendly” 40B projects (strategy VI.A.2)

Support small, scattered-site development (strategy VI.A.4)

Allow affordable housing on nonconforming lots (strategy VI.C.3)

*Municipally owned parcels for which the municipality commits to issue requests for proposals to develop affordable housing.*

Foster the development of Town-owned land (strategy VI.A.1)

*Participation in regional collaborations addressing housing development*

Expand professional planning resources (strategy VI.B.5)

*It should be noted that a major goal of this Plan is not only to strive to meet the state’s 10% goal under Chapter 40B, but to also to serve local needs. Consequently, there are instances where housing initiatives might be promoted to meet these needs that will not necessarily result in the inclusion of units in the Subsidized Housing Inventory.*

Within the context of these compliance issues, local needs, existing resources, affordability requirements and the goals listed in Section I.B of this Plan, the following housing strategies are

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<sup>45</sup> Massachusetts General Law Chapter 40B, 760 CMR 56.03.4.

proposed. ***It is important to note that these strategies are presented as a package for the Town to consider, prioritize, and process, each through the appropriate regulatory channels.***

It should be further noted that this all strategies are meant to further the goals of the Housing Trust as listed in Section I.B and actual housing unit production is estimated under specific Housing Production strategies that in turn inform the housing production goals of Section V.

#### **A. Housing Production Strategies**

The following strategies provide the basic components for the Town to meet its housing production goals:

##### **1. *Foster Development of Town-owned Land (Years 1-3 for first project and Years 4-5 for second project)***

The contribution or “bargain sale” of land owned by the Town but not essential for municipal purposes is a major component of production goals and the Town, through a previous Town-owned Land Committee, has considered multiple Town-owned/tax title properties as possible candidates for affordable housing over recent years including 100 Elmwood Street, 395 Providence Road, 11-13 Suzanne Terrace, and the state-owned Old State Hospital.

During a more recent review of Town-owned property, two key properties appeared to have the most potential for development, including 25 Worcester Street – the site of the former town high school – and Hudson Avenue/Millbury Street. The Worcester Street site is approximately 2.3 acres and the affordable housing segment of the Hudson Avenue site is about 4.4 acres.

The Housing Trust should conduct basic physical site assessments on these Town-owned parcels and has already commenced such work on the Hudson Avenue property, hiring Graves Engineering. Site assessments typically determine the potential development yield of the site, best area(s) to locate buildings, and a course of action to protect any natural resources and mitigate any negative environmental impacts. The site analysis would assess the availability of utilities, suitability for on-site septic, if needed, regulatory and legal limitations (e.g., local zoning, easements, or deed restrictions). The Housing Trust hired Graves Engineering to conduct a review of site conditions, development opportunities and constraints, including a conceptual site plan.

If this analysis indicates that housing might likely be accommodated, the Trustees should request approval from the Select Board and Town Meeting to convey the property to the Housing Trust for affordable housing development.

The Trustees should prepare a Request for Proposals (RFP) to solicit interest from developers based on the Town’s specific project requirements and select a developer based also on its funding thresholds and underwriting criteria (which will be incorporated in the RFP). The RFP should indicate that the Trustees anticipate allocating Trust funds to support the development.

It is likely that the projects will require densities or other regulatory relief beyond what is allowed under the existing Zoning By-law, and the designated developer may be able to obtain this relief through normal channels, if community support is assured, or use the “friendly” comprehensive permit process through DHCD’s Local Initiative Program (LIP). Additionally, the Housing Trust will need to be an advocate for the project, helping the selected developer secure necessary financing and political support.

Another consideration is for the Town to acquire property such as former Grafton State Hospital properties or other parcels such as 20 Creeper Hill for some amount of affordable housing development. The Town is in court to acquire an abandoned subdivision at 88 Ferry Street that would incorporate some affordability.

Other potential properties include those that can be acquired by the Town through the tax foreclosure process. The Housing Trust could take the lead in evaluating properties that are moving through the tax foreclosure process and then obtain Town Meeting approval for conveyance to the Housing Trust for the development of affordable housing. Instead of auctioning these properties to the highest bidder, the properties could be aggregated into single Request for Proposals to select developers to undertake the projects. To support such projects, the properties could be conveyed at nominal cost and the Housing Trust could provide additional subsidy funds as gap fillers.

Some alternatives for funding and conveying properties might be considered including:

- *Funding*

CPA or Housing Trust funding are typically considered as important gap fillers in making such Town-sponsored projects financially feasible. The Town might consider alternative forms of subsidies such as short-term loans (e.g., 5-year) to ensure the regeneration of Trust Fund. Some Trusts have explored the model of shared-equity agreements, but if risk is high there will likely be little or no return on the Town's investment. There will be a priority for using Housing Trust funding for the development of Town-owned property in at least the first several years of the implementation of its Housing Action Plan.

The Town has also applied for Housing Choice Designation that will enable it to access new state resources for technical assistance, new capital grant funding, and bonus points for existing grant and capital funding programs such as MassWorks, Complete Streets, MassDOT projects, and LAND and PARC grants. This Initiative is part of the state efforts to produce 135,000 new housing units statewide by 2025 or by about 17,000 units per year, an ambitious task (see Appendix 3 for more details).

- *Ground Lease*

The Trustees may also consider retaining ownership of the property and offering a ground lease. Trustees may choose to keep the property under Trust ownership and lease it to a developer through a very long-term ground lease. The developer builds, owns and manages the building but the Trustees can establish certain criteria for the project that become restrictions and provisions in the ground lease. This structure allows the Trust to create housing without having to administer the construction or management of the housing itself.

- *Focus on Priority Housing Needs*

To help address Grafton's most critical housing needs, as is well documented in this Housing Production Plan, the development should create rental units including units that are affordable to households earning at or below 60% AMI, including lower levels of 50% AMI and 30% AMI. The RFP should specify the minimum number (or percentage) of units that should be affordable and should be established by testing the feasibility – calculate rough number on how the affordable unit minimum will impact the need for subsidies. Subsidy programs typically have a

maximum award per unit and this will affect the feasibility of the project. Programs that target lower income households include the Low Income Housing Tax Credit, HOME Investment Program, Section 8 Project-based subsidies, among others. It should be noted however, that some density and a certain threshold of affordable units are typically necessary for a project to be competitive for some of these programs

*Projected Number of Affordable Units Produced: 86 units*

## **2. Review 40B Comprehensive Permit Proposals (Ongoing)**

The Town, previously through the Affordable Housing Committee and now through its Housing Trust, has been responsible for the initial review of Chapter 40B comprehensive permit proposals. The Housing Trust will continue to be the first point of contact for developers who are interested in pursuing any affordable housing development including “friendly” Chapter 40B comprehensive permit projects. The Housing Trust will provide early input on preliminary project plans and suggest changes, where appropriate, to guide project development. The Housing Trust, with support from the Planning Department and the developer, will also work with the Select Board’s Office to prepare applications to DHCD for participation in the state’s Local Initiative Program (LIP),<sup>46</sup> the “friendly” 40B Program.

This role is highlighted under the Town’s LIP guidelines. The Trustees have reviewed multiple proposals in recent years and should continue to review future proposals and attend the initial hearing and/or prepare a letter for the record that the comprehensive permit application is through LIP and that the Town has been supportive of the project. In addition, the Trustees should hold meetings with developers proposing “friendly” 40B’s to guide project development towards meeting local needs and priorities in line with LIP policies/Housing Guidelines and review the comprehensive permit application prior to submission to the Zoning Board of Appeals.

Participants in the Housing Trust’s Community Workshop on its Housing Action Plan indicated that such support for “friendly 40B’s” and using Housing Trust funds to go beyond the 20% or 25% affordability mandate should be pursued. This strategy in fact received the highest ranking among participants. The general attitude was that it was uncomplicated, flexible, and based on a program already in place, thus removing some of the administrative and political challenges in implementation.

*Projected Number of Affordable Units Produced: 53 units*

## **3. Pursue Mixed-Use and Transit-Oriented Development (Year 1)**

In the context of good town planning and smart growth, the likely locations for denser development, certainly for providing housing for smaller households and seniors, are in commercial areas and near transportation nodes. As noted earlier in this Plan, Grafton has been pursuing such development through the following initiatives:

- *Village Mixed-use Zoning*  
Grafton approved a by-law to promote mixed-use development in South Grafton that also allows multi-family development of up to eight (8) units per acre and includes an affordability mandate of 20% of all units for homeownership projects and 25% for rentals.

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<sup>46</sup> See Appendix 3 for details on the Local Initiative Program (LIP).

- *Fisherville Mill Overlay District*  
The Town approved the Fisherville Mill Overlay District as part of a Chapter 40R zoning amendment (see Appendix 3 for details) in an effort to revitalize the older Fisherville Mill site into mixed uses, including affordable housing. The Town continues to work with the property owner to move development forward.
- *North Grafton Transit Village Overlay District*  
Grafton's 2001 Master Plan identified the area surrounding the North Grafton MBTA Station as a potential Transit Village that would hold substantial opportunities for developing a mixed-use village that could take advantage of the former Grafton State Hospital properties and the proximity of Tufts University's School of Veterinary Medicine. The Town more recently prepared a Strategic Plan for redeveloping the area to better ascertain the challenges and opportunities for redevelopment, accompanied by a significant public process. It approved the North Grafton Transit Village Overlay District last year through the state's Chapter 40R process.
- *Worcester Street Village Zoning*  
The Town is preparing a Worcester Street Village Study as part of its Route 30 Transit Village Master Plan. This work involves gathering input from residents and businesses on how the area around and including 215 Worcester Street can be re-envisioned and redeveloped as a gateway to Grafton that would include mixed residential and commercial uses, walkability, and some amount of affordable housing.

These opportunities will guide development to appropriate locations such as near the commuter rail station and village centers where residential units would add to the vitality of these areas; provide housing for small households in easy walking distance to goods, services and transportation; and reduce traffic. Because of these reasons, many communities are promoting mixed-use development and Transit-oriented Development (TOD) as part of the "smart growth" policies that are increasingly gaining favor in urban, suburban and rural settings. Some of the opportunities for adaptive reuse of existing structures might also be conducive to mixed residential and commercial uses as are prospects for redeveloping some of the underutilized state-owned parcels in the northern section of town.

The Town can work with developers to help them secure necessary financing, advocating for approval of state funding sources such as District Improvement Financing, Urban Center Housing Zones, Tax Increment Financing, and housing subsidy programs to help make new mixed residential and commercial development economically feasible, including the integration of affordable units. The funding under Chapter 40R will also help promote project feasibility.

*Projected Number of Affordable Units Produced: 76 units*

#### **4. *Support Scattered-Site Infill Development and Assistance (Year 3)***

This Plan also incorporates smaller-scale infill development of privately owned lots that will have relatively fewer impacts on any single neighborhood as affordable housing creation will be spread geographically throughout town. As reported by the Lincoln Institute of Land Policy, "Urban planners and public officials are focused on developing housing types that restore the 'missing middle' – row houses, duplexes, apartment courts, and other small to midsize housing designed at a scale and density compatible with single-family residential neighborhoods." The "missing middle" concept grew out of the New Urbanism movement "to inject more moderately-priced housing into residential neighborhoods, from shrinking or subdividing lots to adding accessory dwelling units (ADUs), to expanding legal

occupancy in homes.”<sup>47</sup> It suggests housing types that “typically have small to medium-size footprints with a body width, depth, and height no larger than a single-family home. They can blend into a neighborhood as compatible infill, encouraging a mix of socioeconomic households and making more effective use of transit and services.”<sup>48</sup>

Organizations, such as Habitat for Humanity, continue to look for donated land on which to build and those that support special needs housing are active throughout the region and may have an interest in developing additional group homes in Grafton. For example, the state’s Department of Developmental Services (DDS) has sponsored 26 units in group homes and the Department of Mental (DMH) created 14 units in group homes over just the past few years.

There are also effective models of *small clustered development or pocket neighborhoods* that can incorporate several income tiers to meet housing needs. Such developments can also incorporate the co-housing concept that includes some shared facilities.

There are also excellent models of small “friendly” comprehensive permit projects that have been developed in other communities that have produced affordable units without adverse neighborhood impacts. Also, accessory apartments, while not eligible for inclusion in the Subsidized Housing Inventory, can still help diversify Grafton’s housing stock by providing small relatively affordable rental units, and thus should be encouraged.

To do this, the Town can work with for profit and non-profit developers as well as with abutters of vacant land to develop new infill housing. The Town can play a helpful role in supporting developers in applying for subsidies to insure that at least some of the units are affordable and can be included in the Town’s Subsidized Housing Inventory, potentially providing Housing Trust funds at some point; can negotiate “friendly” Chapter 40B projects through DHCD’s Local Initiative Program, for example; and can encourage abutters to create affordable housing on vacant adjacent lots. Resources to support such development can be accessed through CPA or Housing Trust Funds as well as a number of state and federal agencies. Moreover, with prescribed changes in the Zoning By-law, accessory apartments can be better promoted as well as the development of currently nonconforming lots.

As part of this small-scale, scattered-site approach and based on the Town’s priority housing needs, this Plan also suggests that the Town secure funding and introduce a Housing Rehabilitation Program. As noted in the Housing Needs Assessment, about half of Grafton’s housing units were built prior to 1980 and thus many are likely to have deferred maintenance needs including some health and safety violations. Many of these properties are also likely to include some amount of lead-based paint that is particularly hazardous to young children. Other outstanding repair needs might include septic system improvements in the unsewered pockets of town, and home modifications for those with disabilities.

Many communities in the state receive Community Development Block Grant (CDBG) funding to support a Housing Rehabilitation Program. Such programs provide important subsidized financing to low- or moderate-income owner-occupants earning at or below 80% AMI or investor-owners and non-profit organizations that rent to low- or moderate-income households to make much-needed repairs to their properties. Program assistance is typically offered at a 0% interest rate with loan conditions dependent on income and ownership status. Loan payments are generally deferred until the sale of the property

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<sup>47</sup> Ibid.

<sup>48</sup> Ibid.



and forgiven after a term of 15 years. Deed restrictions are placed on the property for this 15-year term of the loan.

While not considered a priority in the process of preparing the Housing Trust's Housing Action Plan, the Town should apply to DHCD for CDBG funding to support the introduction of a Housing Rehabilitation Program. DHCD has been revisiting some of its criteria for allocating this funding, and Grafton may find itself in a competitive position to receive financial support. Such a program could also be operated by a nearby non-profit entity with commensurate capacity and expertise.

*Projected Number of Affordable Units Produced: 32 units*

#### **5. Create a Homebuyer Assistance Program (Year 4)**

The Town should explore the potential of working with for profit, non-profit and local residents on strategies to convert existing unsubsidized units to state-defined "affordable" ones. While this strategy was not considered a high-ranking one during the Housing Trust's community workshop on its Housing Action Plan, some participants did consider it a useful piece of the Town's overall housing strategy.

There are a couple of programmatic approaches that insure long-term affordability by focusing on existing dwelling units rather than building new ones including:

- *Homebuyer Assistance Programs*  
Homebuyer Assistance Programs, also referred to as Mortgage or Down Payment Assistance Programs, provide subsidies to qualified first-time homebuyers to fill the gap between a specified maximum market purchase price and the affordable price that is allowed under the state's Local Initiative Program (LIP).
- *Buy-down Programs*  
This approach involves the purchase of one or two-family structures or other housing types, renting or reselling one (or possibly both/several) of the units subject to deed restrictions that insure permanent affordability.

Under both of these options, the Housing Trust could take the lead in program development and management, although many communities have opted to work in partnership with a non-profit housing entity that has the day-to-day staff capacity to coordinate all aspects of the program.

Most of the communities that have implemented these programs have used CPA funding or Housing Trust funds as gap fillers. As noted in Section II.C, the affordability gap for those earning at the 80% of area median income limit, is approximately \$131,900 for single-family homes, the difference between the median priced single-family home (\$390,400) and what a three-person household earning at this income level can afford (or \$250,000) based on 80% financing, and a gap of about \$161,400 in regard to 95% financing. The affordability gap for condos for households earning at 80% of median income was \$76,500 based on 80% financing and \$102,500 for 95% financing.

The focus of such an initiative would be those housing units that are most affordable in Grafton's private housing market to minimize the amount of subsidy required to fill the gap between the purchase price plus any costs of improvements and the affordable rents or purchase prices. Smaller homes or

condominiums are reasonable targets as are small multi-family properties that offer the advantage of both rental income to their owners, making the properties more affordable, as well as relatively affordable rents for tenants. It would not be unreasonable to set a maximum sale price of \$350,000 for single-family homes and \$250,000 for condos with a maximum subsidy of \$150,000 to make the Program feasible.

*Projected Number of Affordable Units Produced: 6 units*

## **B. Operating and Outreach Strategies (Year 1 and Ongoing)**

As noted in the Housing Trust's Housing Action Plan, 'the most effective housing trusts are operated with transparency, strong communication, clear and strategic priorities, and professional capacity. Well considered operating strategies can help the Trustees be more productive, efficient, and successful in achieving its mission, and can help ensure that the trustees comply with relative laws and regulations'. While these actions will not create affordable units directly, they help provide a context for better managing such development.

Towards these ends, the Housing Trust should undertake the following strategies in moving forward in the implementation of the Housing Trust's Housing Action Plan and this Housing Production Plan:

### **1. Conduct Outreach and Advocacy for Affordable Housing**

Because most of the housing strategies in this Housing Plan rely on local approvals, including those of Town Meeting, community support for new initiatives has and will continue to be essential. Continued and strategic efforts to inform residents and local leaders on the issue of affordable housing and specific new initiatives builds support by generating a greater understanding of the benefits of affordable housing, reducing misinformation and dispelling negative stereotypes. These outreach efforts are mutually beneficial as they provide useful information to community residents and important feedback to local leaders on concerns and suggestions.

The process used to prepare the Housing Action Plan in 2017 and the presentation of this Housing Production Plan have offered important opportunities to bring attention to the issue of affordable housing, providing information on housing needs and proposed strategies that can help attract community support for affordable housing initiatives. For example, the Housing Trust sponsored a public forum on this Housing Plan on April 3, 2018.

Other education opportunities should continue to be pursued during the term of this Housing Production Plan including:

- Special forums on all new housing initiatives including new development, programs and regulatory changes.
- Annual or biannual housing summits to improve communication and coordination among Town departments related to affordable housing initiatives.
- Regular updates to the Select Board and Community Preservation Committee regarding the status of Trust initiatives.
- Updates at regular meetings of other Town entities such as the Planning Board, Council on Aging, Commission on Disability, Economic Development Commission, Finance Committee, and the Housing Authority.

- Speakers about affordable housing needs and issues that may include professionals from Citizens' Housing and Planning Association (CHAPA), Massachusetts Housing Partnership (MHP), Northeastern University's Dukakis Center, Department of Housing and Community Development (DHCD), Central Massachusetts Regional Planning Commission (CRMPC), and other relevant organizations.
- Social media engagement platforms including the Town's Facebook page and Twitter account to regularly post information about Trust-funded initiatives, housing issues and information, as well as housing assistance resources. At a minimum the Trust should publish four to five posts per month. Social media management can be simplified by using an app such as Hootsuite.
- Public information on existing programs and services.
- Enhanced use of public access television including scheduled appearances on cable access shows.
- Updates of the Town webpage and the posting of regular news and announcements, updating at least monthly.
- Letters to the editor, press releases, and interviews with reporters regarding housing assistance resources, Trust initiatives, housing lotteries, and general educational information related to housing issues.
- Educational opportunities for board and committee members as well as professional staff.

## **2. *Establish Funding Thresholds and Underwriting Criteria***

To lay a foundation for the Trustees to utilize the Trust Funds wisely, the Trustees should adopt funding thresholds and underwriting criteria to ensure that its limited resources are utilized in the most effective manner possible. The purpose of funding thresholds is to guide the Trustees' funding contribution to development projects. Initially, as explained more below, the Trustees would utilize these funding thresholds to determine the level of funding allocated to foster development on Town-owned land. In later years, were the Trustees to shift to a more passive funder approach to support private development funding requests, they could utilize the same criteria (or modified, if needed). Examples of funding criteria for consideration include:

- *Consistency with Grafton's community development and preservation goals.*
- *Consistency with fair housing principles* to affirmatively encourage equity, promote housing choice, enhance mobility, and promote greater opportunity.
- *Extension of the term of affordability* for as long as possible under the law and realities of funding.
- *Targeted affordability* to most critical housing needs – namely, the production of rental units affordable to households earning at or below 50%-60% AMI.
- *Financial feasibility* but with flexibility to allow for the Trust Fund to be used as the first dollars in on a case-by-case basis when demonstration of local support is beneficial at early stages of project development.
- *Maximum leveraging* of Trust Funds.
- *Regeneration of Trust Funds* to help to restore Trust Funds. (Such mechanisms to consider include short-term loans, longer-term gap financing loans, and shared-equity agreements.)

The Trustees should adopt underwriting criteria for Trust-funded development initiatives to ensure the Board appropriately fulfills its fiduciary responsibility as Trustees. Standard underwriting criteria includes: maximum award amounts, approval of permits and any other government approvals, award

terms, maximum developer and contractor profits and overhead, etc. maximum per unit cost (further leveraging of funds).

### **3. *Conduct Annual Audits***

MGL Chapter 44 Section 55C, which authorizes the establishment of Municipal Affordable Housing Trust Funds, requires that the Trustees obtain an annual audit of the Housing Trust Fund by an independent auditor in accordance with accepted accounting practices. The costs of such an audit can be covered by the Housing Trust Fund. It is advisable that the Housing Trust designate a specific time each year, such as early in the calendar year or in accordance with the Town's fiscal year, to process this audit.

### **4. *Establish Subcommittees***

To enhance the efficiency and effectiveness of the Housing Trust, the Trustees should establish subcommittees organized around specific responsibilities of the Trust, to make progress between regular Housing Trust meetings on important work and then to report back to the full Trust for further deliberation. The Housing Action Plan recommended the following subcommittees:

- Review of 40B comprehensive permit applications and monitoring of existing affordable units to meet as needed (2 members)
- Community outreach and advocacy to meet at least monthly (2 members)
- Town-owned land development to meet at least monthly (3 members)

It is likely that as work continues on the implementation of this Housing Plan, the establishment of additional subcommittees will be useful, for example in pursuing zoning changes in tandem with the Planning Board or proposing new housing programs or services, such as first-time homebuyer assistance.

All Trustees should be expected to actively participate in a subcommittee and all Housing Trust meetings should include standard agenda items related to subcommittee reports and full Trust deliberations regarding next steps.

### **5. *Hold Biannual Strategic Planning Meetings***

As with most organizations, meeting agendas typically focus on current initiatives, determining next steps to implement key strategies and meet organizational goals. Nevertheless, organizations need to also set aside time to engage in a strategic planning process than involves a review of the status of longer-term goals and objectives. To accommodate such a strategic management process, the Trustees should hold biannual meetings with an agenda focused on a review of the Housing Trust's progress in addressing its goals and making necessary plans to stay on track.

### **6. *Expand Professional Planning Resources***

The Town is fortunate to have important professional support from the Planning Office but should also consider augmenting this assistance for the coordination and implementation of various strategies that may require specialized housing expertise and offer more day-to-day momentum between Housing Trust meetings. The Housing Trust could consider exploring the options of working with The Central Massachusetts Regional Planning Commission (CMRPC), the regional planning agency, for example. CMRPC has been attempting to establish a regional housing services approach that would be comparable to the models created in the Metro West and North Suburban areas of Boston through the Regional Housing Services Office and the Metro West Collaborative Development's work serving a collaboration of communities including Hudson, Stow, Littleton and Boxborough. These collaborations

share housing consultants which provide a menu of services that municipalities can buy into including creating a database of SHI units, monitoring SHI units, supporting new program and project development, etc. CMRPC is trying to identify a lead community to administer the collaboration.

The Trustees should contract for these services and if appropriate issue a Request for Quotations. It is typical that for new projects there is an initial monitoring agent fee for homeownership and rental projects. In subsequent years of occupancy, rental units are charged at an annual fee per affordable unit. For resale of affordable homeownership units, the fee is built into the deed rider (e.g., a 2% resale fee per the state's Universal Deed Rider).

### **C. Zoning/Land Use Strategies**

As noted in the introduction to this section, the state's Housing Production requirements include the Identification of zoning districts or geographic areas in which the municipality proposes to modify current regulations for the purposes of creating affordable housing developments to meet its housing production goal.

Grafton's Zoning By-law includes a minimum lot requirement of at least an acre as well as frontage, setback and other requirements that may not be conducive to affordable housing and create the likely need for regulatory relief for any residential development that includes affordable units, most likely through the "friendly" comprehensive permit process that overrides local zoning, overlay districts or other special zoning provisions. Additionally, the Zoning By-law incorporates a number of provisions that while intended to encourage affordable housing, have not provided sufficient incentives to realize actual new affordable units and should be revisited and revised as necessary.

Housing production is contingent not only on actual development projects but also on the planning and regulatory tools that enable localities to make well informed decisions to *strategically guide* housing creation. To most effectively and efficiently execute the strategies included in this Plan and meet production goals, greater flexibility will be needed in the Town's Zoning By-law, and new tools will be required to capture more affordable units.

As part of the outreach and advocacy efforts summarized in this Plan, the Town should work with the Planning Board to amend zoning to encourage affordable housing development. The following strategies will provide some greater flexibility for the Town to promote scattered-site, infill development, and projected units that will result from these zoning changes are counted under the scattered-site production strategy.

#### **1. *Adopt Worcester Street Village Zoning (Year1)***

As noted in strategy VI.A.3 above, the Town is also working on new Village Mixed Use District zoning at Worcester Street that will likely have similar provisions to those included in the Village Mixed Use District in South Grafton, including affordable housing requirements. Prior to drafting zoning language, the Town has been involved in preparing a Worcester Street Village Study as part of its Route 30 Transit Village Master Plan. This work involves gathering input from residents and businesses on how the area around and including 215 Worcester Street can be re-envisioned and redeveloped as a gateway to Grafton that would include mixed residential and commercial uses, walkability, and some amount of affordable housing. The Planning Board will need to finalize this Study and prepare a zoning amendment that can be voted on by Town Meeting in the near future.

*Projected Number of Affordable Units Produced:* Included under strategy VI.A.3.

**2. Amend the Flexible Development By-law to Better Promote Affordable Housing (Year 2)**

Major Residential Development Standards are allowed under Special Permit in all residential districts for Flexible Development “in which the single-family dwelling units are clustered together into one or more groups on the lot and the clusters are separated from each other and adjacent properties by permanently protected open space.”<sup>49</sup> This provision also offers density bonuses if a proposed development “through the quality of its site selection, programming and design, displays a conscious effort to comply with the purposes of Flexible Development.”<sup>50</sup> These density levels include increases over the number of dwelling units that would be allowed on the property based on current subdivision requirements of: “(a) 15% of the total permitted under that section if the proposed development complies with at least six of the Design Guidelines specified in Section 5.3.13; (b) 20% of the total permitted under that section if the proposed development complies with at least nine of the Design Guidelines; and (c) 25% if the proposed development complies with all of the Design Guidelines.”<sup>51</sup> The Design Guidelines include a provision for affordable housing when at least 10% of the units are created as affordable based on the definition in M.G.L. Chapter 40B, however, the by-law has not effectively produced such units and greater incentives should be offered to facilitate affordable housing development to help meet local needs and production goals.

The Grafton Planning Board, with support from the Housing Trust, should explore what other communities are doing with respect to these more flexible zoning provisions and consider making changes that would provide greater incentives for producing affordable housing under this by-law such as greater density bonuses and the flexibility to build other housing types besides single-family homes in residential districts. For example, a model by-law has been produced by the Metropolitan Area Planning Council, Massachusetts Audubon, and others in the Green Neighborhood Alliance, adopted by a number of Massachusetts’s communities. The state’s Smart Growth Toolkit under the Executive Office of Energy and Environmental Affairs also has a model available for review.

*Projected Number of Affordable Units Produced:* Included under Scattered-site Development strategy VI.A.4.

**3. Allow Affordable Development on Noncomplying Lots (Year 4)**

There are parcels of vacant land that at this time cannot be developed because they do not meet the precise dimensional requirements of the Zoning By-law such as minimum lot size as well as front, rear and side yard requirements. It is likely that many of these parcels could in fact be suitably developed as housing. Smaller lots will encourage the construction of smaller homes under appropriate guidelines to provide some housing options that are not currently being created by the private market as starter housing or homes for empty nesters interested in reducing their living space and home maintenance.

The Housing Trust might explore what other communities are doing with respect to these undersized lots and work with the Planning Board to prepare a zoning amendment to enable these lots to be developed based on specific criteria. It should further research where many of these lots are located and identify specific residential districts to allow such zoning.

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<sup>49</sup> Grafton Zoning By-law, Section 5.3.1.

<sup>50</sup> Grafton Zoning By-law, Section 5.3.5.2.

<sup>51</sup> Grafton Zoning By-law, Section 5.3.5.2.

One potential model is to allow such lots to be developed by Special Permit or through a by-law similar to what is included in Dennis' Affordable Housing By-law, one section that relates specifically to affordable lots.<sup>52</sup> The Dennis by-law allows the development of lots that do not meet minimum lot size requirements and are not protected as nonconforming lots by law because they are in common ownership with adjoining lots. The Bourne Housing Trust has also amended zoning to create the opportunity for developing nonconforming lots that include affordable housing.

The Town may also decide to invest some CPA or Housing Trust funds to help subsidize the affordable units that are created under this bylaw.

*Projected Number of Affordable Units Produced:* Included under Scattered-site Development strategy VI. A.4.

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<sup>52</sup> Dennis Zoning By-law, Section 4.9.



## **Appendix 1**

### **LOCAL AND REGIONAL ORGANIZATIONS**

Grafton has a number of local and regional agencies and organizations available to help support the production of affordable housing or provide housing-related services including:

#### **1. *Grafton Affordable Housing Trust***

The Town of Grafton's Select Board formed the Grafton Affordable Housing Committee in July 2001 to encourage the production of permanently affordable housing for local residents. The Committee coordinated the preparation of the 2006 Affordable Housing Plan and was disbanded when the Town approved the establishment of the Grafton Affordable Housing Trust in 2007. The mission of the Housing Trust is:

To actively foster the creation of affordable housing that will help Grafton reach the state's 40B goal and to preserve existing affordable units that are included on the state's Subsidized Housing Inventory to ensure continued affordability for as long as possible.

In addition, the Trustees will nurture greater community understanding of housing needs and support for local affordable housing initiatives.

On June 7, 2005, new state legislation, called the Municipal Affordable Housing Trust Fund Act, was adopted which simplified the process of establishing Housing Trusts. Previously, cities could create trusts through their own resolution, but Towns had to get approval from the state legislature through a home rule petition. The law provides guidelines on what trusts can do and allows communities to collect funds for housing, segregate them out of the general budget into an affordable housing trust fund, and use these funds without going back to Town Meeting for approval. It also enables trusts to own and manage real estate, not just receive and disburse funds. The law further requires that local housing trusts be governed by at least a five-member board of trustees, appointed, and confirmed by the Select Board, in the case of towns, and including a member of the Select Board or the Town Administrator. While the new trusts must be in compliance with Chapter 30B, the law which governs public procurement as well as public bidding and construction laws, it is likely that most trusts will opt to dispose of property through a sale or long-term lease to a developer so as to clearly differentiate any affordable housing development project from a public construction project.

The Grafton Housing Trust approved a Declaration of Trust that detailed goals and procedures and was able to obtain approval from the Community Preservation Committee and Town Meeting to have 10% of the annual CPA allocation passed on directly to the Housing Trust to capitalize its Housing Trust Fund. The Trust, with staff support from the Planning Department, is responsible for coordinating the implementation of this Housing Production Plan.

The Housing Trust also prepared goals as a context for responding strategically to Grafton's identified housing needs, including:

1. Fund development of housing units that help address local housing needs including units that are eligible for the Subsidized Housing Inventory to help reach the state's Chapter 40B affordable housing goal.

2. Utilize Trust funds wisely to maximize leveraging and regeneration of funds to expand the impact and longevity of the Trust funds and maximize the creation of affordable housing units.
3. Prioritize funds to help develop affordable rental units to address Grafton's most critical local housing need, particularly units that are affordable to households with extremely-low income (less than 30% AMI) and very-low income (between 30% and 50% AMI).
4. Preserve the long-term affordability of existing affordable housing units at risk due to resale, outdated deed riders, or expiring affordability terms.
5. Create affordable homeownership opportunities for low-income first-time homebuyers through development or direct assistance.
6. Support creation of affordable and accessible housing units to help address needs of elderly and disabled households.
7. Actively further the public understanding of affordable housing needs and community benefits

## **2. *Grafton Housing Authority (GHA)***

The Grafton Housing Authority developed and owns 170 subsidized rental units in Grafton, 150 of which it manages, as described in Section II.E. There is substantial demand for all units, based largely on the excellent reputation of the Housing Authority and the substantial unmet need for publicly assisted housing. The waits for the 22 family units at Veteran's Circle and McHale Drive involve about five years for local residents. The units set-aside for seniors and younger disabled tenants at Forest Lane and Maxwell Drive involve waits of about one year for residents and an undetermined amount of time for those living outside of Grafton. The Housing Authority does not manage rental subsidies, such as Section 8 vouchers, but focuses its efforts on property management activities, which are challenging in the context of limited state resources for needed improvements.

## **3. *Grafton Community Preservation Committee***

The Grafton Community Preservation Committee (CPC) has been charged with the oversight of funds to be raised through the Town's passage of the Community Preservation Act.<sup>53</sup> In September of 2000, the Community Preservation Act was enacted to provide Massachusetts cities and towns with another tool to conserve open space, preserve historic properties and provide affordable housing. This enabling statute established the authority for municipalities in the Commonwealth to create a Community Preservation Fund derived from a surcharge of up to 3% of the property tax with a corresponding state match. Once adopted the Act requires at least 10% of the monies raised to be distributed to each of the three categories (open space/recreation, historic preservation, and affordable housing), allowing flexibility in distributing the majority of the money to any of the three uses as determined by the community. The Act further requires that a Community Preservation Committee of five to nine members be established, representing various boards or committees in the community, to recommend to the legislative body, in this case Town Meeting, how to spend the Community Preservation Fund.

In May 2002, the voters of Grafton adopted the CPA, approving a 1.5% surcharge on most property taxes paid by residents. The Town chose to exempt the first \$100,000 of property value, plus an exemption is also available for residential property owned and occupied by low-income residents and seniors.

Grafton's Community Preservation Committee is comprised of nine members including representatives of the Planning Board, Historic Commission, Conservation Commission, Recreation Commission, Housing

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<sup>53</sup> Massachusetts General Laws, Chapter 44B.

Authority and four “Members at Large” appointed by the Select Board. This Committee was organized in October 2002, and it was formally appointed in January 2003.

#### **4. *Grafton Council on Aging***

The Grafton Council on Aging is a Town department that supports the quality of life of Grafton’s elders through a wide variety of services including the operation of a Senior Center that offers social programs for seniors, an information and referral service on a wide range of issues, community-based services to promote independent living, free shuttle bus transportation, as well as in-home support services. The Council relies heavily on local volunteers to support its activities.

The Council receives a great many housing-related inquiries from residents, as well as those who live outside the town, concerning the availability of housing options for seniors. The Council on Aging indicated that there is considerable need and demand for additional housing options for seniors, particularly units for those interested in downsizing from their single-family homes and reducing home maintenance requirements. The Council mentioned that many seniors were finding it difficult to afford increasing property tax and fuel bills on their fixed incomes and were looking into other options in town such as Green Acres only to find long waits for available units. Additionally, there are no assisted living units in town and affordable assisted living options are scarce in the region. Consequently, seniors make every effort to remain in their homes with support from the Council on Aging and other service providers until a health crisis forces relocation to a nursing home and out of the community. The Council has also received many inquiries on reverse equity mortgages that are gaining popularity as a means for seniors to continue to afford to “age in place” in the own home and community.

The Council on Aging also works with the Town on a program that abates taxes for low-income seniors in exchange for minor services to the Town, for example, volunteering at a school or library. In addition to this work program, the Town also has a tax exemption program for income-eligible seniors over the age of 70 that reduces property tax bills by \$750.

#### **5. *South Middlesex Opportunity Council, Inc. (SMOC)***

SMOC is a private, non-profit organization that serves as the area’s community action agency, providing a wide range of programs and services for the greater Metro West and Blackstone Valley areas. The corporation’s goal has been to improve the quality of life for low-income people by working with the community to affect social, individual and family change. Programs include day care and preschool education, employment training and placement, housing, addiction, mental health, women’s protective services, nutrition, energy and weatherization, legal services, services for the elderly, emergency shelter, as well as community organizing around health care, housing, rising energy cost and banking services.

SMOC provides housing and community services to low- and moderate-income individuals and families including rental assistance programs, loan programs to support home modifications to improve access for the disabled, deleading, and weatherization improvements. Financial assistance is also provided to subsidize the costs of fuel, water, and sewer costs to qualifying households.

In 1986, SMOC created a subsidiary non-profit development organization, South Middlesex Non-Profit Housing Corporation, to preserve, improve and develop new housing choices for low- and moderate-income residents, and integrating supportive services when appropriate. The Housing Corporation not only develops but owns and manages the agency’s real estate as well, both residential and commercial properties including 600 units ranging from emergency shelters, special needs housing, Sober housing,

transitional housing for individuals and families, affordable single and family rentals, and first-time homeownership opportunities.

**6. *Habitat for Humanity – Metro West/Greater Worcester***

Habitat for Humanity is an ecumenical, non-profit Christian ministry dedicated to building simple, decent homes in partnership with families in need that has grown over the past two decades into one of the largest private homebuilders in the world. The organization has almost 1,600 U.S. affiliates and over 2,000 affiliates worldwide, including one based in Framingham that serves a number of towns in the Metro West area including Grafton. Affiliates are operated with multi-denominational and multi-racial local leadership and with community volunteers who construct or rehabilitate houses that are sold without profit and interest to selected families in the area. The organization continues to search for additional sites on which to build affordable homes.

**7. *RCAP Solutions (Resources for Communities and People)***

RCAP Solutions, also known as Rural Housing Improvement, is part of a regional branch of a national private, non-profit organization that provides technical assistance in the areas of rural drinking water, and wastewater treatment systems, solid waste programs, housing, economic development, comprehensive community assessment and planning and compliance with environmental regulations. The organization serves as the regional housing agency and provides housing and community services to low- and moderate-income individuals and families including rental assistance programs. They manage approximately 2,200 rental subsidies and also provide a range of homeowner services such as first-time homebuyer education, down payment assistance, lead abatement assistance, foreclosure prevention, mortgage default counseling, and budget and credit counseling. The organization also owns and manages eleven (11) developments in the region and is pursuing new opportunities to develop and manage real estate.

**8. *Central Massachusetts Regional Planning Commission (CMRPC)***

The Central Massachusetts Regional Planning Commission (CMRPC) is the designated regional planning agency for the area that includes Grafton. It provides a wide range of planning services to communities within the region related to community development, transportation, data analysis and even homeland security.

## **Appendix 2**

### **Glossary of Housing Terms**

#### **Affordable Housing**

A subjective term, but as used in this Plan, refers to housing available to a household earning no more than 80% of area median income at a cost that is no more than 30% of total household income.

#### **Area Median Income (AMI)**

The estimated median income, adjusted for family size, by metropolitan area (or county in nonmetropolitan areas) that is adjusted by HUD annually and used as the basis of eligibility for most housing assistance programs.

#### **Chapter 40B**

The state's comprehensive permit law, enacted in 1969, established an affordable housing goal of 10% for every community. In communities below the 10% goal, developers of low- and moderate-income housing can seek an expedited local review under the comprehensive permit process and can request a limited waiver of local zoning and other restrictions, which hamper construction of affordable housing. Developers can appeal to the state if their application is denied or approved with conditions that render it uneconomic, and the state can overturn the local decision if it finds it unreasonable in light of the need for affordable housing.

#### **Chapter 44B**

The Community Preservation Act Enabling Legislation that allows communities, at local option, to establish a Community Preservation Fund to preserve open space, historic resources and community housing, by imposing a surcharge of up to 3% on local property taxes. The state provides matching funds from its own Community Preservation Trust Fund, generated from an increase in certain Registry of Deeds' fees.

#### **Comprehensive Permit**

Expedited permitting process for developers building affordable housing under Chapter 40B "anti-snob zoning" law. A comprehensive permit, rather than multiple individual permits from various local boards, is issued by the local zoning boards of appeals to qualifying developers.

#### **Department of Housing and Community Development (DHCD)**

DHCD is the state's lead agency for housing and community development programs and policy. It oversees state-funded public housing, administers rental assistance programs, provides funds for municipal assistance, and funds a variety of programs to stimulate the development of affordable housing.

#### **Fair Housing Act**

Federal legislation, first enacted in 1968, that provides the Secretary of HUD with investigation and enforcement responsibilities for fair housing practices. It prohibits discrimination in housing and lending based on race, color, religion, sex, national origin, handicap, or familial status. There is also a Massachusetts Fair Housing Act, which extends the prohibition against discrimination to sexual orientation, marital status, ancestry, veteran status, children, and age. The state law also prohibits discrimination against families receiving public assistance or rental subsidies, or because of any requirement of these programs.

**Inclusionary Zoning**

A zoning ordinance or by-law that requires a developer to include affordable housing as part of a development or contribute to a fund for such housing.

**Infill Development**

The practice of building on vacant or undeveloped parcels in dense areas, especially urban and inner suburban neighborhoods. Promotes compact development, which in turn allows undeveloped land to remain open and green.

**Local Initiative Program (LIP)**

A state program under which communities may use local resources and DHCD technical assistance to develop affordable housing that is eligible for inclusion on the state Subsidized Housing Inventory (SHI). LIP is not a financing program, but the DHCD technical assistance qualifies as a subsidy and enables locally supported developments that do not require other financial subsidies to use the comprehensive permit process. At least 25% of the units must be set-aside as affordable to households earning less than 80% of area median income.

**MassHousing (formerly the Massachusetts Housing Finance Agency, MHFA)**

A quasi-public agency created in 1966 to help finance affordable housing programs. MassHousing sells both tax-exempt and taxable bonds to finance its many single-family and multi-family programs.

**Metropolitan Statistical Area (MSA)**

The term is also used for CMSAs (consolidated metropolitan statistical areas) and PMSAs (primary metropolitan statistical areas) that are geographic units used for defining urban areas that are based largely on commuting patterns. The federal Office of Management and Budget defines these areas for statistical purposes only, but many federal agencies use them for programmatic purposes, including allocating federal funds and determining program eligibility. HUD uses MSAs as its basis for setting income guidelines and fair market rents.

**Mixed-Income Housing Development**

Development that includes housing for various income levels.

**Mixed-Use Development**

Projects that combine different types of development such as residential, commercial, office, industrial and institutional into one project.

**Overlay Zoning**

A zoning district, applied over one or more other districts that contains additional provisions for special features or conditions, such as historic buildings, affordable housing, or wetlands.

**Public Housing Agency (PHA)**

A public entity that operates housing programs: includes state housing agencies (including DHCD), housing finance agencies and local housing authorities. This is a HUD definition that is used to describe the entities that are permitted to receive funds or administer a wide range of HUD programs including public housing and Section 8 rental assistance.

### **Regional Non-Profit Housing Organizations**

Regional non-profit organizations include nine private, non-profit housing agencies, which administer the Section 8 Program on a statewide basis, under contract with DHCD. Each agency serves a wide geographic region. Collectively, they cover the entire state and administer over 15,000 Section 8 vouchers. In addition to administering Section 8 subsidies, they administer state-funded rental assistance (MRVP) in communities without participating local housing authorities. They also develop affordable housing and run housing rehabilitation and weatherization programs, operate homeless shelters, run homeless prevention and first-time homebuyer programs, and offer technical assistance and training programs for communities. RCAP Solutions, serves as Grafton's regional non-profit organization.

### **Regional Planning Agencies (RPAs)**

These are public agencies that coordinate planning in each of thirteen regions of the state. They are empowered to undertake studies of resources, problems, and needs of their districts. They provide professional expertise to communities in areas such as master planning, affordable housing and open space planning, and traffic impact studies. With the exception of the Cape Cod and Nantucket Commissions, which are land use regulatory agencies as well as planning agencies, the RPAs serve in an advisory capacity only. The Central Massachusetts Regional Planning Commission serves as Grafton's regional planning agency.

### **Request for Proposals (RFP)**

A process for soliciting applications for funding when funds are awarded competitively or soliciting proposals from developers as an alternative to lowest-bidder competitive bidding.

### **Section 8**

Refers to the major federal (HUD) program – actually a collection of programs – providing rental assistance to low-income households to help them pay for housing. Participating tenants pay 30% of their income (some pay more) for housing (rent and basic utilities) and the federal subsidy pays the balance of the rent. The Program is now officially called the Housing Choice Voucher Program.

### **Smart Growth**

The term used to refer to a rapidly growing and widespread movement that calls for a more coordinated, environmentally sensitive approach to planning and development. A response to the problems associated with unplanned, unlimited suburban development – or sprawl – smart growth principles call for more efficient land use, compact development patterns, less dependence on the automobile, a range of housing opportunities and choices, and improved jobs/housing balance.

### **Subsidy**

Typically refers to financial assistance that fills the gap between the costs of any affordable housing development and what the occupants can afford based on program eligibility requirements. Many times multiple subsidies from various funding sources are required, often referred to as the “layering” of subsidies, in order to make a project feasible. In the state's Local Initiative Program (LIP), DHCD's technical assistance qualifies as a subsidy and enables locally supported developments that do not require other financial subsidies to use the comprehensive permit process. Also, “internal subsidies” refers to those developments that do not have an external source(s) of funding for affordable housing, but use the value of the market units to “cross subsidize” the affordable ones.



**Subsidized Housing Inventory (SHI)**

This is the official list of units, by municipality, that count toward a community's 10% goal as prescribed by Chapter 40B comprehensive permit law.

**US Department of Housing and Urban Development (HUD)**

The primary federal agency for regulating housing, including fair housing and housing finance. It is also the major federal funding source for affordable housing programs.

## **APPENDIX 3**

### **Summary of Housing Regulations and Resources**

#### **I. SUMMARY OF HOUSING REGULATIONS**

##### **A. Chapter 40B Comprehensive Permit Law**

The Massachusetts Comprehensive Permit Law, Chapter 40B Sections 20-23 of the General Laws, was enacted as Chapter 774 of the Acts of 1969 to encourage the construction of affordable housing throughout the state, particularly outside of cities. Often referred to as the Anti-Snob Zoning Act, it requires all communities to use a streamlined review process through the local Zoning Board of Appeals for “comprehensive permits” submitted by developers for projects proposing zoning and other regulatory waivers and incorporating affordable housing for at least 25% of the units. Only one application is submitted to the ZBA instead of separate permit applications that are typically required by a number of local departments as part of the normal development process. Here the ZBA takes the lead and consults with the other relevant departments (e.g., building department, planning department, highway department, fire department, sanitation department, etc.) on a single application. The Conservation Commission retains jurisdiction under the Wetlands Protection Act and Department of Environmental Protection, the Building Inspector applies the state building code, and the Board of Health enforces Title V.

For a development to qualify under Chapter 40B, it must meet all of the following requirements:

- Must be part of a “subsidized” development built by a public agency, non-profit organization, or limited dividend corporation.
- At least 25% of the units in the development must be income restricted to households with incomes at or below 80% of area median income and have rents or sales prices restricted to affordable levels income levels defined each year by the US Department of Housing and Urban Development.
- Affordability restrictions must be in effect in perpetuity unless there is a justification for a shorter term that must be approved by DHCD.
- Development must be subject to a regulatory agreement and monitored by a public agency or non-profit organization.
- Project sponsors must meet affirmative marketing requirements.

According to Chapter 40B regulations, the ZBA decision to deny or place conditions on a comprehensive permit project cannot be appealed by the developer if any of the following conditions are met<sup>54</sup>:

- The community has met the “statutory minima” by having at least 10% of its year-round housing stock affordable as defined by Chapter 40B, at least 1.5% of the community’s land area includes affordable housing as defined again by 40B, or annual affordable housing construction is on at least 0.3% of the community’s land area.
- The community has made “recent progress” adding SHI eligible housing units during the prior 12 months equal at least to 2% of its year-round housing.
- The community has a one- or two-year exemption under Housing Production.

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<sup>54</sup> Section 56.03 of the new Chapter 40B regulations.

- The application is for a “large project” that equals at least 6% of all housing units in a community with less than 2,500 housing units.
- A “related application” for the site was filed, pending or withdrawn within 12 months of the application.

If a municipality does not meet any of the above thresholds, it is susceptible to appeals by comprehensive permit applicants of the ZBA’s decision to the state’s Housing Appeals Committee (HAC). This makes the Town susceptible to a state override of local zoning if a developer chooses to create affordable housing through the Chapter 40B comprehensive permit process.<sup>55</sup> Recently approved regulations add a new requirement that ZBA’s provide early written notice (within 15 days of the opening of the local hearing) to the applicant and to DHCD if they intend to deny or condition the permit based on the grounds listed above that make the application appeal proof, providing documentation for its position. Under these circumstances, municipalities can count projects with approved comprehensive permits that are under legal approval, but not by the ZBA, at the time.

If the applicant appeals the use of these “appeals proof” grounds, DHCD will review materials from the ZBA and applicant and issue a decision within 30 days of receipt of the appeal (failure to issue a decision is a construction approval of the ZBA’s position). Either the ZBA or applicant can appeal DHCD’s decision by filing an interlocutory appeal with the Housing Appeals Committee (HAC) within 20 days of receiving DHCD’s decision. If a ZBA fails to follow this procedure, it waives its right to deny a permit on these “appeal-proof” grounds.

Recent changes to Chapter 40B also address when a community can or cannot count a unit as eligible for inclusion in the SHI including:

- *40R*  
Units receiving zoning approval under 40R count when the permit or approval is filed with the municipal clerk provided that no appeals are filed by the board or when the last appeal is fully resolved, similar to a comprehensive permit project.
- *Certificate of Occupancy*  
Units added to the SHI on the basis of receiving building permits become temporarily ineligible if the C of O is not issued within 18 months.
- *Large Phased Projects*  
If the comprehensive permit approval or zoning approval allows a project to be built in phases and each phase includes at least 150 units and average time between the start of each phase is 15 months or less, then the entire project remains eligible for the SHI as long as the phasing schedule set forth in the permit approval continues to be met.

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<sup>55</sup> Chapter 774 of the Acts of 1969 established the Massachusetts Comprehensive Permit Law (Massachusetts General Laws Chapter 40B) to facilitate the development of affordable housing for low- and moderate-income households (defined as any housing subsidized by the federal or state government under any program to assist in the construction of low- or moderate-income housing for those earning less than 80% of median income) by permitting the state to override local zoning and other restrictions in communities where less than 10% of the year-round housing is subsidized for low- and moderate-income households.

- *Projects with Expired Use Restrictions*  
Units become ineligible for inclusion in the SHI upon expiration or termination of the initial use restriction unless a subsequent use restriction is imposed.
- *Biennial Municipal Reporting*  
Municipalities are responsible for providing the information on units that should be included in the SHI through a statement certified by the chief executive officer.

Towns are allowed to set-aside up to 70% of the affordable units available in a 40B development for those who have a connection to the community as defined under state guidelines including current residents, municipal employees, or employees of businesses located in town. It is also worth noting that the Town, through its Affirmative Fair Housing Marketing Plan, must demonstrate the associated local need for the community preference and insure that there will be no discriminatory impacts with the use of community preference.

While there are ongoing discussions regarding how the state should count the affordable units for the purpose of determining whether a community has met the 10% goal, in a rental project if the subsidy applies to the entire project, all units are counted towards the state standard. For homeownership projects, only the units made affordable to those households earning within 80% of median income can be attributed to the affordable housing inventory.

There are up to three stages in the 40B process – the project eligibility stage, the application stage, and at times the appeals stage. First, the applicant must apply for eligibility of a proposed 40B project/site from a subsidizing agency. Under Chapter 40B, subsidized housing is not limited exclusively to housing receiving direct public subsidies but also applies to privately-financed projects receiving technical assistance from the State through its Local Initiative Program (LIP) or through MassHousing (Housing Starts Program), Federal Home Loan Bank Board (New England Fund), MassDevelopment, and Massachusetts Housing Partnership Fund. The subsidizing agency then forwards the application to the local Select Board for a 30-day comment period. The Select Board solicits comments from Town officials and other boards and based on their review the subsidizing agency typically issues a project eligibility letter. Alternatively, a developer may approach the Select Board for their endorsement of the project, and the Selectmen can submit an application to DHCD for certification under the Local Initiative Program (for more information see description in Section I.E below).

Changes to 40B regulations expand the items a subsidizing agency must consider when determining site eligibility including:

- Information provided by the municipality or other parties regarding municipal actions previously taken to meet affordable housing needs, including inclusionary zoning, multi-family districts and 40R overlay zones.
- Whether the conceptual design is appropriate for the site including building massing, topography, environmental resources, and integration into existing development patterns.
- That the land valuation, as included in the pro forma, is consistent with DHCD guidelines regarding cost examination and limitations on profits and distribution.
- Requires that LIP site approval applications be submitted by the municipality's chief executive officer.

- Specifies that members of local boards can attend the site visit conducted during DHCD's 30-day review period.
- Requires that the subsidizing agency provide a copy of its determination of eligibility to DHCD, the chief executive officer of the municipality, the ZBA and the applicant.

If there are substantial changes to a project before the ZBA issues its decision, the subsidizing agency can defer the re-determination of site/project eligibility until the ZBA issues its decision unless the chief executive officer of the municipality or applicant requests otherwise. New 40B regulations provide greater detail on this re-determination process. Additionally, challenges to project eligibility determinations can only be made on the grounds that there has been a substantial change to the project that affects project eligibility requirements and leaves resolution of the challenge to the subsidizing agency.

The next stage in the comprehensive permit process is the application phase including pre-hearing activities such as adopting rules before the application is submitted, setting a reasonable filing fee, providing for technical "peer review" fees, establishing a process for selecting technical consultants, and setting forth minimum application submission requirements. Failure to open a public hearing within 30 days of filing an application can result in constructive approval. The public hearing is the most critical part of the whole application process. Here is the chance for the Zoning Board of Appeals' consultants to analyze existing site conditions, advise the ZBA on the capacity of the site to handle the proposed type of development, and to recommend alternative development designs. Here is where the ZBA gets the advice of experts on unfamiliar matters – called peer review. Consistency of the project with local needs is the central principle in the review process.

Another important component of the public hearing process is the project economic analysis that determines whether conditions imposed and waivers denied would render the project "uneconomic". The burden of proof is on the applicant, who must prove that it is impossible to proceed and still realize a reasonable return, which cannot be more than 20%. Another part of the public hearing process is the engineering review. The ZBA directs its consultants to analyze the consistency of the project with local by-laws and regulations and to examine the feasibility of alternative designs.

Chapter 40B regulations also add a number of requirements related to the hearing process that include:

- The hearing is terminated within 180 days of the filing of a complete application unless the applicant consents to extend.
- Allows communities already considering three (3) or more comprehensive permit applications to stay a hearing on additional applications if the total units under consideration meet the definition of a large project (larger of 300 units or 2% of housing in communities with 7,500 housing units as of the latest Census, 250 units in communities with 5,001 to 7,499 total units, 200 units in communities with 2,500 to 5,000 units, and 150 units or 10% of housing in communities with less than 2,500 units).
- Local boards can adopt local rules for the conduct of their hearings, but they must obtain an opinion from DHCD that the rules are consistent with Chapter 40B.
- Local boards cannot impose "unreasonable or unnecessary" time or cost burdens on an applicant and cannot require an applicant to pay legal fees for general representation of the ZBA or other boards. The new requirements go into the basis of the fees in more detail, but as a

general rule the ZBA may not assess any fee greater than the amount that might be appropriated from town or city funds to review a project of a similar type and scale.

- An applicant can appeal the selection of a consultant within 20 days of the selection on the grounds that the consultant has a conflict of interest or lacks minimum required qualifications.
- Specifies and limits the circumstances under which ZBA's can review pro formas.
- Zoning waivers are only required under "as of right" requirements, not from special permit requirements.
- Forbids ZBA's from imposing conditions that deviate from the project eligibility requirements or that would require the project to provide more affordable units than the minimum threshold required by DHCD guidelines.
- States that ZBA's cannot delay or deny an application because a state or federal approval has not been obtained.
- Adds new language regarding what constitutes an uneconomic condition including requiring applicants to pay for off-site public infrastructure or improvements if they involve pre-existing conditions, are not usually imposed on unsubsidized housing or are disproportionate to the impacts of the proposed development or require a reduction in the number of units other than on a basis of legitimate local concerns (health, safety, environment, design, etc.). Also states that a condition shall not be considered uneconomic if it would remove or modify a proposed nonresidential element of a project that is not allowed by right.

After the public hearing is closed, the ZBA must set-aside at least two sessions for deliberations within 40 days of the close of the hearing. These deliberations can result in either approval, approval with conditions, or denial.

Subsidizing agencies are required to issue final project eligibility approvals following approval of the comprehensive permit reconfirming project eligibility, including financial feasibility, and approving the proposed use restriction and finding that the applicant has committed to complying with cost examination requirements. New Chapter 40B regulations set forth the basic parameters for insuring that profit limitations are enforced, while leaving the definition of "reasonable return" to the subsidizing agency in accordance with DHCD guidelines. The applicant or subsequent developer must submit a detailed financial statement, prepared by a certified public accountant, to the subsidizing agency in a form and upon a schedule determined by the DHCD guidelines.

If the process heads into the third stage – the appeals process – the burden is on the ZBA to demonstrate that the denial is consistent with local needs, meaning the public health and safety and environmental concerns outweigh the regional need for housing. If a local ZBA denies the permit, a state Housing Appeals Committee (HAC) can overrule the local decision if less than 10% of the locality's year round housing stock has been subsidized for households earning less than 80% of median income, if the locality cannot demonstrate health and safety reasons for the denial that cannot be mitigated, or if the community has not met housing production goals based on an approved plan or other statutory minima listed above. The HAC has upheld the developer in the vast majority of the cases, but in most instances promotes negotiation and compromise between the developer and locality. In its 30-year history, only a handful of denials have been upheld on appeal. The HAC cannot issue a permit, but may only order the ZBA to issue one. Also, any aggrieved person, except the applicant, may appeal to the Superior Court or Land Court, but even for abutters, establishing "standing" in court is an uphill battle. Appeals from approvals are often filed to force a delay in commencing a project, but the appeal must demonstrate "legal error" in the decision of the ZBA or HAC.

## **B. Housing Production Regulations**

As part of the Chapter 40B comprehensive permit regulations, the Massachusetts Department of Housing and Community Development (DHCD) is administering the Housing Production Program in accordance with regulations that enable cities and towns to do the following:

- Prepare and adopt an Housing Production Plan that demonstrates production of an increase of .05% over one year or 1.0% over two-years of its year-round housing stock eligible for inclusion in the Subsidized Housing Inventory (36 units and 72 units, respectively, for Grafton for *approval* by DHCD.<sup>56</sup>
- Request *certification* of compliance with the plan by demonstrating production of at least the number of units indicated above.
- Through local ZBA action, deny a comprehensive permit application during the period of certified compliance, which is 12 months following submission of the certification documentation to DHCD, or 24 months if the 1.0% threshold is met.

For the plan to be acceptable to DHCD it must meet the following requirements:

- Include a comprehensive housing needs assessment to establish the context for municipal action based on the most recent census data. The assessment must include a discussion of municipal infrastructure based on future planned improvements.
- Address a mix of housing consistent with identified needs and market conditions.
- Address the following strategies including -
  - Identification of geographic areas in which land use regulations will be modified to accomplish affordable housing production goals.
  - Identification of specific sites on which comprehensive permit applications will be encouraged.
  - Preferable characteristics of residential development such as infill housing, clustered areas, and compact development.
  - Municipally owned parcels for which development proposals will be sought.
  - Participation in regional collaborations addressing housing development.

The Select Board and Planning Board must adopt plans, and the term of an approved plan is five (5) years.

## **C. Chapter 40R/40S**

In 2004, the State Legislature approved a new zoning tool for communities in recognition that escalating housing prices, now beyond the reach of increasing numbers of state residents, are causing graduates from area institutions of higher learning to relocate to other areas of the country in search of greater affordability. The Commonwealth Housing Task Force, in concert with other organizations and institutions, developed a series of recommendations, most of which were enacted by the State Legislature as Chapter 40R of the Massachusetts General Laws. The key components of these regulations are that “the state provide financial and other incentives to local communities that pass Smart Growth Overlay Zoning Districts that allow the building of single-family homes on smaller lots and

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<sup>56</sup> Massachusetts General Law Chapter 40B, 760 CMR 31.07 (1)(i).



the construction of apartments for families at all income levels, and the state increase its commitment to fund affordable housing for families of low and moderate income”.<sup>57</sup>

The statute defines 40R as “a principle of land development that emphasizes mixing land uses, increases the availability of affordable housing by creating a range of housing opportunities in neighborhoods, takes advantage of compact design, fosters distinctive and attractive communities, preserves opens space, farmland, natural beauty and critical environmental areas, strengthens existing communities, provides a variety of transportation choices, makes development decisions predictable, fair and cost effective and encourages community and stakeholder collaboration in development decisions.”<sup>58</sup> The key components of 40R include:

- Allows local option to adopt Overlay Districts near transit, areas of concentrated development, commercial districts, rural village districts, and other suitable locations;
- Allows “as-of-right” residential development of minimum allowable densities;
- Provides that 20% of the units be affordable;
- Promotes mixed-use and infill development;
- Provides two types of payments to municipalities; and
- Encourages open space and protects historic districts.

The incentives prescribed by the Task Force and passed by the Legislature include an incentive payment upon the passage of the Overlay District based on the number of projected housing units as follows:

<b>Incentive Payments</b>	
<b>Incentive Units</b>	<b>Payments</b>
Up to 20	\$10,000
21-100	\$75,000
101-200	\$200,000
210-500	\$350,000
501 or more	\$600,000

There are also density bonus payments of \$3,000 for each residential unit issued a building permit. To be eligible for these incentives the Overlay Districts need to allow mixed-use development and densities of 20 units per acre for apartment buildings, 12 units per acre for two and three-family homes, and at least eight units per acre for single-family homes. Communities with populations of less than 10,000 residents are eligible for a waiver of these density requirements, however significant hardship must be demonstrated. The Zoning Districts would also encourage housing development on vacant infill lots and in underutilized nonresidential buildings. The Task Force emphasizes that Planning Boards, which would prepare the Zoning District bylaw (ordinance) for Town Meeting (City Council) enactment, would be “able to ensure that what is built in the District is compatible with and reflects the character of the immediate neighborhood.”<sup>59</sup>

The principal benefits of 40R include:

<sup>57</sup> Edward Carman, Barry Bluestone, and Eleanor White for The Commonwealth Housing Task Force, “A Housing Strategy for Smart Growth and Economic Development: Executive Summary”, October 30, 2003, p. 3.

<sup>58</sup> Massachusetts General Law, Chapter 40R, Section 11.

<sup>59</sup> “A Housing Strategy for Smart Growth and Economic Development: Executive Summary,” p. 4.

- Expands a community's planning efforts;
- Allows communities to address housing needs;
- Allows communities to direct growth;
- Can help communities meet planned production goals and 10% threshold under Chapter 40B;
- Can help identify preferred locations for 40B developments; and
- State incentive payments.

The formal steps involved in creating Overlay Districts are as follows:

- The Town holds a public hearing as to whether to adopt an Overlay District per the requirements of 40R;
- The Town applies to DHCD prior to adopting the new zoning;
- DHCD reviews the application and issues a Letter of Eligibility if the new zoning satisfies the requirements of 40R;
- The Town adopts the new zoning through a two-thirds vote of Town Meeting subject to any modifications required by DHCD;
- The Town submits evidence of approval to DHCD upon the adoption of the new zoning; and
- DHCD issues a letter of approval, which indicates the number of incentive units and the amount of payment.

The state recently enacted Chapter 40S under the Massachusetts General Law that provides additional benefits through insurance to towns that build affordable housing under 40R that they would not be saddled with the extra school costs caused by school-aged children who might move into this new housing. This funding was initially included as part of 40R but was eliminated during the final stages of approval. In effect, 40S is a complimentary insurance plan for communities concerned about the impacts of a possible net increase in school costs due to new housing development.

#### **D. Local Initiative Program (LIP) Guidelines**

The Local Initiative Program (LIP) is a technical assistance subsidy program to facilitate Chapter 40B developments and locally produced affordable units. The general requirements of LIP include insuring that projects are consistent with sustainable or smart growth development principles as well as local housing needs. LIP recognizes that there is a critical need for all types of housing but encourages family and special needs housing in particular. Age-restricted housing (over 55) is allowed but the locality must demonstrate actual need and marketability. DHCD has the discretion to withhold approval of age-restricted housing if other such housing units within the community remain unbuilt or unsold or if the age-restricted units are unresponsive to the need for family housing within the context of other recent local housing efforts.

There are two types of LIP projects, those using the comprehensive permit process, the so-called "friendly" 40B's, and Local Action Units, units where affordability is a result of some local action such as inclusionary zoning, Community Preservation funding, other regulatory requirements, etc.

Specific LIP requirements include the following by category:

##### **Income and Assets**

- Must be affordable to those earning at or below 80% of area median income adjusted by family size and annually by HUD. Applicants for affordable units must meet the program income limits

in effect at the time they apply for the unit and must continue to meet income limits in effect when they actually purchase a unit.

- For homeownership units, the household may not have owned a home within the past three years except for age-restricted “over 55” housing.
- For homeownership projects, assets may not be greater than \$75,000 except for age-restricted housing where the net equity from the ownership of a previous house cannot be more than \$200,000.
- Income and asset limits determine eligibility for lottery participation.

#### **Allowable Sales Prices and Rents<sup>60</sup>**

- Rents are calculated at what is affordable to a household earning 80% of area median income adjusted for family size, assuming they pay no more than 30% of their income on housing. Housing costs include rent and payments for heat, hot water, cooking fuel, and electric. If there is no municipal trash collection a trash removal allowance should be included. If utilities are separately metered and paid by the tenant, the LIP rent is reduced based on the area’s utility allowance. Indicate on the DHCD application whether the proposed rent has been determined with the use of utility allowances for some or all utilities.
- Sales prices of LIP units are set so a household earning 70% of area median income would have to pay no more than 30% of their income for housing. Housing costs include mortgage principal and interest on a 30-year fixed term mortgage at 95% of purchase price, property taxes, condo fees<sup>61</sup>, private mortgage insurance (if putting less than 20% of purchase price down), and hazard insurance.
- The initial maximum sales price or rent is calculated as affordable to a household with a number of household members equal to the number of bedrooms plus one (for example a two-bedroom unit would be priced based on what a three-person household could afford).

#### **Allowable Financing and Costs**

- Allowable development costs include the “as is” value of the property based on existing zoning at the time of application for a project eligibility letter (initial application to DHCD). Carrying costs (i.e., property taxes, property insurance, interest payments on acquisitions financing, etc.) can be no more than 20% of the “as is” market value unless the carrying period exceeds 24 months. Reasonable carrying costs must be verified by the submission of documentation not within the exclusive control of the applicant.
- Appraisals are required except for small projects of 20 units or less at the request of the Select Board where the applicant for the LIP comprehensive permit submits satisfactory evidence of value.
- Profits are limited to no more than 20% of total allowable development costs in homeownership projects.
- In regard to rental developments, payment of fees and profits are limited to no more than 10% of total development costs net of profits and fees and any working capital or reserves intended for property operations. Beginning upon initial occupancy and then proceeding on an annual

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<sup>60</sup> DHCD has an electronic mechanism for calculating maximum sales prices on its website at [www.mass.gov/dhcd](http://www.mass.gov/dhcd).

<sup>61</sup> DHCD will review condo fee estimates and approve a maximum condo fee as part of the calculation of maximum sales price. The percentage interests assigned to the condo must conform to the approved condo fees and require a lower percentage interest assigned to the affordable units as opposed to the market rate ones. DHCD must review the Schedule of Beneficial Interests in the Master Deed to confirm that LIP units have been assigned percentage interests that correspond to the condo fees.

basis, annual dividend distributions will be limited to no more than 10% of the owner's equity in the project. Owner's equity is the difference between the appraised as-built value and the sum of any public equity and secured debt on the property.

- For LIP comprehensive permit projects, DHCD requires all developers to post a bond (or a letter of credit) with the municipality to guarantee the developer's obligations to provide a satisfactory cost certification upon completion of construction and to have any excess profits, beyond what is allowed, revert to the municipality. The bond is discharged after DHCD has determined that the developer has appropriately complied with the profit limitations.
- No third-party mortgages are allowed for homeownership units.

### **Marketing and Outreach**

- Marketing and outreach, including lottery administration must adhere to all Fair Housing laws and the state's Affirmative Fair Housing Marketing Plan Guidelines.
- LIP requires that the lottery draw and rank households by size.
- If there are proportionately less minority applicants in the community preference pool than the proportion in the region, a preliminary lottery must be held to boost, if possible, the proportion of minority applicants to this regional level.
- A maximum of up to 70% of the units may be local preference units for those who have a connection to the community as defined by the state under Section II.C of the Comprehensive Permit Guidelines.
- The Marketing Plan must affirmatively provide outreach to area minority communities to notify them about availability of the unit(s) and must demonstrate the need for local preference as well as insure that there will be no discriminatory impacts as a result of using local preference criteria.
- Marketing materials must be available/application process open for a period of at least 60 days.
- Marketing should begin about six (6) months before occupancy.  
Lottery must be held unless there are no more qualified applicants than units available.

### **Regulatory Requirements**

- The affordable unit design, type, size, etc. must be the same as the market units and dispersed throughout the development.
- Units developed through LIP as affordable must be undistinguishable from market units as viewed from the exterior (unless the project has a DHCD-approved alternative development plan that is only granted under exceptional circumstances) and contain complete living facilities.
- For over 55 projects, only one household member must be 55 or older.
- Household size relationship to unit size is based on "households" = number of bedrooms plus one – i.e., a four-person household in a three-bedroom unit (important also for calculating purchase prices of the affordable units for which LIP has a formula as noted above).
- Must have deed restrictions in effect in perpetuity unless the applicant or municipality can justify a shorter term to DHCD.
- All affordable units for families must have at least two or more bedrooms and meet state sanitary codes and these minimum requirements –

1 bedroom – 700 square feet/1 bath  
2 bedrooms – 900 square feet/1 bath  
3 bedrooms – 1,200 square feet/ 1 ½ baths  
4 bedrooms – 1,400 square feet/2 baths

- Appraisals may consider the probability of obtaining a variance, special permit or other zoning relief but must exclude any value relating to the possible issuance of a comprehensive permit.

The process that is required for using LIP for 40B developments – “friendly” comprehensive permit projects – is largely developer driven. It is based on the understanding that the developer and Town are working together on a project that meets community needs. Minimum requirements include:

- Written support of the municipality’s chief elected official, the Select Board in the case of towns, and the local housing partnership, trust or other designated local housing entity, if applicable. The chief executive officer is in fact required to submit the application to DHCD.
- At least 25% of the units must be affordable and occupied by households earning at or below 80% of area median income or at least 20% of units restricted to households at or below 50% of area median income.
- Affordability restrictions must be in effect in perpetuity, to be monitored by DHCD through a recorded regulatory agreement.
- Project sponsors must prepare and execute an affirmative fair marketing plan that must be approved by DHCD.
- Developer’s profits are restricted per Chapter 40B requirements.

The process that is required for using LIP for 40B developments – “friendly” comprehensive permit projects – is as follows:

**Application process**

- Developer meets with Town
- Developer and Town agree to proposal
- Town chief elected officer submits application to DHCD with developer’s input

**DHCD review involves the consideration of:**

- Sustainable development criteria (redevelop first, concentrate development, be fair, restore and enhance the environment, conserve natural resources, expand housing opportunities, provide transportation choice, increase job opportunities, foster sustainable businesses, and plan regionally),
- Number and type of units,
- Pricing of units to be affordable to households earning no more than 70% of area median income,
- Affirmative marketing plan,
- Financing, and
- Site visit.

**DHCD issues site eligibility letter that enables the developer to bring the proposal to the ZBA for processing the comprehensive permit.**

**Zoning Board of Appeals holds hearing**

- Developer and Town sign regulatory agreement to guarantee production of affordable units that includes the price of units and deed restriction in the case of homeownership and limits on rent

increases if a rental project. The deed restriction limits the profit upon resale and requires that the units be sold to another buyer meeting affordability criteria.

- Developer forms a limited dividend corporation that limits profits.
- The developer and Town sign a regulatory agreement.

#### **Marketing**

- Marketing plan must provide outreach to area minority communities to notify them about availability of the unit(s).
- Local preference is limited to those who live/work in the community with a maximum of 70% of the affordable units.
- Marketing materials must be available/application process open for a period of at least 60 days.
- Lottery must be held.

#### **DHCD approval must include**

- Marketing plan, lottery application, and lottery explanatory materials
- Regulatory agreement (DHCD is a signatory)
- Deed rider (Use standard LIP document)
- Purchase arrangements for each buyer including signed mortgage commitment, signed purchase and sale agreement and contact information of purchaser's closing attorney.

As mentioned above, in addition to being used for "friendly" 40B projects, LIP can be used for counting those affordable units as part of a Town's Subsidized Housing Inventory that are created as a result of some local action. Following occupancy of the units, a Local Action Units application must be submitted to DHCD for the units to be counted as affordable. This application is on DHCD's web site.

The contact person at DHCD is Rieko Hayashi of the LIP staff (phone: 617-573-1309; fax: 617-573-1330; email: [rieko.hayashi@state.ma.us](mailto:rieko.hayashi@state.ma.us)).

#### **E. MassWorks Infrastructure Program**

The MassWorks Infrastructure Program provides a one-stop shop for municipalities and other eligible public entities seeking public infrastructure funding to support economic development and job creation. The Program represents an administrative consolidation of six former grant programs:

- Public Works Economic Development (PWED)
- Community Development Action Grant (CDAG)
- Growth Districts Initiative (GDI) Grant Program
- Massachusetts Opportunity Relocation and Expansion Program (MORE)
- Small Town Rural Assistance Program (STRAP)
- Transit Oriented Development (TOD) Program

The MassWorks Infrastructure Program provides a one-stop shop for municipalities and other eligible public entities seeking public infrastructure funding to support:

Economic development and job creation and retention

Housing development at density of at least 4 units to the acre (both market and affordable units)

Transportation improvements to enhancing safety in small, rural communities

The MassWorks Infrastructure Program is administered by the Executive Office of Housing and Economic Development, in cooperation with the Department of Transportation and Executive Office for Administration & Finance.

## **II. SUMMARY OF HOUSING RESOURCES**

Those programs that may be most appropriate to development activity in Grafton are described below.

### **A. Technical Assistance**

#### **1. *Housing Choice Initiative***

The state has stated its commitment to producing 135,000 new housing units statewide by 2025 or by about 17,000 units per year, an ambitious task. To help accomplish this, it has created the Housing Choice Initiative that has three basic components:

##### **1. *Legislation***

The Baker Administration filed legislation, An Act to Promote Housing Choices, which has been referred to the House Committee on Ways and Means. The key element of the bill is to reduce the required vote from a two-thirds supermajority to a simple majority for certain zoning changes including:

- Chapter 40R
- Cluster bylaws
- Reductions in parking and dimensional requirements
- Transfer of Development Rights/natural resource protection zoning
- Increased density through the Special Permit process
- Accessory dwelling units

##### **2. *Capital Grant Funding***

Communities can receive a Housing Choice designation that provides exclusive admission to new Housing Choice Capital Grants as well as priority access to existing grant and capital funding programs such as MassWorks, Complete Streets, MassDOT projects, and LAND and PARC grants. To obtain this designation, the community must submit an application that documents the increase in the total year-round housing stock from the 2010 census and the cumulative net increase in year-round units from January 1, 2013 through December 31, 2017. Documentation will be based on building permit data coming from the Building Department. Grafton is applying for this designation.

##### **3. *Technical Assistance Resources***

The state has also allocated \$2 million in technical assistance grants for planning assistance through what it is calling the new Planning for Production Program. Support includes:

- Crafting new zoning to result in new housing production through Chapter 40A, 40R or a collaborative Chapter 40B proposal.
- Planning and designing public infrastructure projects or enhancements that will facilitate needed housing growth.



- Public education initiatives regarding financial feasibility, development cost-benefit analysis, local infrastructure needs, and school costs relative to the potential for new housing growth.

## **2. *Peer-to-Peer Technical Assistance***

This state program utilizes the expertise and experience of local officials from one community to provide assistance to officials in another comparable community to share skills and knowledge on short-term problem solving or technical assistance projects related to community development and capacity building. Funding is provided through the Community Development Block Grant Program and is limited to grants of no more than \$1,000, providing up to 30 hours of technical assistance.

Applications are accepted on a continuous basis, but funding is limited (contact is Karl McLaurin at DHCD). To apply, a municipality must provide DHCD with a brief written description of the problem or issue, the technical assistance needed and documentation of a vote of the Select Board or letter from the Town Administrator supporting the request for a peer. Communities may propose a local official from another community to serve as the peer or ask DHCD for a referral. If DHCD approves the request and once the peer is recruited, DHCD will enter into a contract for services with the municipality. When the work is completed to the municipality's satisfaction, the Town must prepare a final report, submit it to DHCD, and request reimbursement for the peer.

## **3. *MHP Intensive Community Support Team***

The Massachusetts Housing Partnership Fund is a quasi-public agency that offers a wide range of technical and financial resources to support affordable housing. The Intensive Community Support Team provides sustained, in-depth assistance to support the development of affordable housing. Focusing on housing production, the Team helps local advocates move a project from the conceptual phase through construction, bringing expertise and shared lessons from other parts of the state. The team can also provide guidance on project finance. Those communities, which are interested in this initiative, should contact the MHP Fund directly for more information. (Contact MHP's Community Housing Initiatives Team at 617-330-9944 ext. 227.)

## **4. *MHP Chapter 40B Technical Assistance Program***

Working with DHCD, MHP launched this program in 1999 to provide technical assistance to those communities needing assistance in reviewing comprehensive permit applications. The Program offers up to \$10,000 in third-party technical assistance to enable communities to hire consultants to help them review Chapter 40B applications. Those communities that are interested in this initiative should contact the MHP Fund directly for more information.

MHP recently announced new guidelines to help cities and towns review housing development proposals under Chapter 40B including:

- State housing agencies will now appraise and establish the land value of 40B sites before issuing project eligibility letters.
- State will put standards in place for determining when permit conditions make a 40B development "uneconomic".
- There will be set guidelines on determining related-party transactions, i.e., when a developer may also have a role as contractor or realtor.

- Advice on how to identify the most important issues early and communicate them to the developer, how informal work sessions can be effective, and how to make decisions that are unlikely to be overturned in court.

(Contact MHP's Community Housing Initiatives Team at 617-330-9944 ext. 227 for more information.)

### **5. *Planning for Housing Production***

MassHousing is administering funding that is designated to help designated Housing Choice communities with technical assistance related to local efforts to produce housing. Their first funding round took place several years ago, and they will be introducing another round in the near future.

### **B. Housing Development**

While comprehensive permits typically do not involve external public subsidies but use internal subsidies by which the market units in fact subsidize the affordable ones, communities are finding that they also require public subsidies to cover the costs of affordable or mixed-income residential development and need to access a range of programs through the state and federal government and other financial institutions to accomplish their objectives and meet affordable housing goals. Because the costs of development are typically significantly higher than the rents or purchase prices that low- and moderate-income tenants can afford, multiple layers of subsidies are often required to fill the gaps. Sometimes even Chapter 40B developments are finding it useful to apply for external subsidies to increase the numbers of affordable units, to target units to lower income or special needs populations, or to fill gaps that market rates cannot fully cover.

The state requires applicants to submit a One Stop Application for most of its housing subsidy programs in an effort to standardize the application process across agencies and programs. A Notice of Funding Availability (NOFA) is issued by the state usually twice annually for its rental programs and homeownership initiatives. Using the One Stop Application, applicants can apply to several programs simultaneously to support the funding needs of a particular project.

### **1. *HOME Program***

HUD created the HOME Program in 1990 to provide grants to states, larger cities and consortia of smaller cities and towns to do the following:

- Produce rental housing;
- Provide rehabilitation loans and grants, including lead paint removal and accessibility modifications, for rental and owner-occupied properties;
- Offer tenant-based rental assistance (two-year subsidies); and/or
- Assist first-time homeowners.

The HOME Program funding is targeted to homebuyers or homeowners earning no more than 80% of median income and to rental units where at least 90% of the units must be affordable and occupied by households earning no more than 60% of median income, the balance to those earning within 80% of median. Moreover, for those rental projects with five or more units, at least 20% of the units must be reserved for households earning less than 50% of median income. In addition to income guidelines, the HOME Program specifies the need for deed restrictions, resale requirements, and maximum sales prices or rentals.

Because Grafton is not an entitlement community, meaning that it is not automatically entitled to receive HOME funding based on HUD's funding formula, the Town would need to join a consortium of other smaller towns and cities to receive funding or submit funding applications to DHCD on a project-by-project basis through its One Stop Application. Grafton is not part of a Consortium so would have to apply directly to DHCD for this funding at this time.

The HOME Rental Program is targeted to the acquisition and rehabilitation of multi-family distressed properties or new construction of multi-family rental housing from five to fifty units. Once again, the maximum subsidy per project is \$750,000 and the maximum subsidy per unit in localities that receive HOME or CDBG funds directly from HUD is \$50,000 (these communities should also include a commitment of local funds in the project). Those communities that do not receive HOME or CDBG funds directly from HUD, like Grafton, can apply for up to \$65,000 per unit. Subsidies are in the form of deferred loans at 0% interest for 30 years. State HOME funding cannot be combined with another state subsidy program with several exceptions including the Low Income Housing Tax Credits, HIF and the Soft Second Program.

## **2. Community Development Block Grant Program (CDBG)**

In addition to funding for the Peer-to-Peer Program mentioned in the above section, there are other housing resources supported by federal CDBG funds that are distributed by formula to Massachusetts.

The **Massachusetts Small Cities Program** that has a set-aside of Community Development Block Grant (CDBG) funds to support a range of eligible activities including housing development. However, at least 70% of the money must provide benefits to households earning within 80% of median income. This money is for those non entitlement localities that do not receive CDBG funds directly from HUD. Funds are awarded on a competitive basis through Notices of Funding Availability with specific due dates or through applications reviewed on a rolling basis throughout the year, depending on the specific program. This funding supports a variety of specific programs.

There are other programs funded through the Community Development Block Grant Small Cities Program for both homeownership and rental projects. A number of the special initiatives are directed to communities with high "statistical community-wide needs", however, the **Community Development Fund II** is targeted to communities with lower needs scores that have not received CDBG funds in recent years. This may be the best source of CDBG funding for Grafton besides HDSP described above. Funding is also awarded competitively through an annual Notice of Funding Availability. DHCD also has a **Reserve Fund** for CDBG-eligible projects that did not receive funding from other CDBG funded programs or for innovative projects.

## **3. Housing Stabilization Fund (HSF)**

The state's Housing Stabilization Fund (HSF) was established in 1993 through a Housing Bond bill to support housing rehabilitation through a variety of housing activities including homeownership (most of this funding has been allocated for the MHP Soft Second Program) and rental project development. The state subsequently issued additional bond bills to provide more funding. The HSF Rehabilitation Initiative is targeted to households with incomes within 80% of median income, with resale or subsequent tenancy for households within 100% of median income. The funds can be used for grants or loans through state and local agencies, housing authorities and community development corporations with the ability to subcontract to other entities. The funds have been used to match local HOME program funding, to fund demolition, and to support the acquisition and rehabilitation of affordable

housing. In addition to a program directed to the rehabilitation of abandoned, distressed or foreclosed properties, the HSF provides funds to municipalities for local revitalization programs directed to the creation or preservation of rental projects. As with HOME, the maximum amount available per project is \$750,000 and the maximum per unit is \$65,000 for communities that do not receive HOME or CDBG funds directly from HUD, and \$50,000 for those that do. Communities can apply for HSF funding biannually through the One Stop Application.

#### **4. *Low Income Housing Tax Credit Program***

The Low Income Housing Tax Credit Program was created in 1986 by the Federal Government to offer tax credits to investors in housing development projects that include some low-income units. The tax credit program is often the centerpiece program in any affordable rental project because it brings in valuable equity funds. Tax credits are either for 4% or 9% of the development or rehab costs for each affordable unit for a ten-year period. The 4% credits have a present value of 30% of the development costs, except for the costs of land, and the 9% credit have a present value equal to 70% of the costs of developing the affordable units, except for land. Both the 4% and 9% credits can be sold to investors for close to their present values.

The Federal Government limits the 9% credits and consequently there is some competition for them, nevertheless, most tax credit projects in Massachusetts are financed through the 9% credit. Private investors, such as banks or corporations, purchase the tax credits for about 80 cents on the dollar, and their money serves as equity in a project, reducing the amount of the debt service and consequently the rents. The program mandates that at least 20% of the units must be made affordable to households earning within 50% of median income or 40% of the units must be affordable to households earning up to 60% of median income. Those projects that receive the 9% tax credits must produce much higher percentages of affordable units.

The Massachusetts Legislature has enacted a comparable state tax credit program, modeled after the federal tax credit program. The One Stop Application is also used to apply for this source of funding.

#### **5. *Affordable Housing Trust Fund***

The Affordable Housing Trust Fund (AHTF) was established by an act of the State Legislature and is codified under Chapter 121-D of the Massachusetts General Laws. The AHTF operates out of DHCD and is administered by MassHousing with guidance provided by an Advisory Committee of housing advocates. The purpose of the fund is to support the creation/preservation of housing that is affordable to people with incomes that do not exceed 110% of the area median income. The AHTF can be used to support the acquisition, development and/or preservation of affordable housing units. AHTF assistance can include:

- Deferred payment loans, low/no-interest amortizing loans.
- Down payment and closing cost assistance for first-time homebuyers.
- Credit enhancements and mortgage insurance guarantees.
- Matching funds for municipalities that sponsor affordable housing projects.
- Matching funds for employer-based housing and capital grants for public housing.

Funds can be used to build or renovate new affordable housing, preserve the affordability of subsidized expiring use housing, and renovate public housing. While the fund has the flexibility of serving households with incomes up to 110%, preferences for funding will be directed to projects involving the

production of new affordable units for families earning below 80% of median income. The program also includes a set-aside for projects that serve homeless households or those earning below 30% of median income. Once again, the One Stop Application is used to apply for funding, typically through the availability of two funding rounds per year.

**6. *Housing Innovations Fund (HIF)***

The state also administers the Housing Innovations Fund (HIF) that was created by a 1987 bond bill and expanded under two subsequent bond bills to provide a 5% deferred loan to non-profit organizations for no more than \$500,000 per project or up to 30% of the costs associated with developing alternative forms of housing including limited equity coops, mutual housing, single-room occupancy housing, special needs housing, transitional housing, domestic violence shelters and congregate housing. At least 25% of the units must be reserved for households earning less than 80% of median income and another 25% for those earning within 50% of area median income. HIF can also be used with other state subsidy programs including HOME, HSF and Low Income Housing Tax Credits. The Community Economic Development Assistance Corporation (CEDAC) administers this program. Applicants are required to complete the One-Stop Application.

**7. *Federal Home Loan Bank Board's Affordable Housing Program (AHP)***

Another potential source of funding for both homeownership and rental projects is the Federal Home Loan Bank Board's Affordable Housing Program (AHP) that provides subsidies to projects targeted to households earning between 50% and 80% of median income, with up to \$300,000 available per project. This funding is directed to filling existing financial gaps in low- and moderate-income affordable housing projects. There are typically two competitive funding rounds per year for this program.

**8. *MHP Permanent Rental Financing Program***

The state also provides several financing programs for rental projects through the Massachusetts Housing Partnership Fund. The Permanent Rental Financing Program provides long-term, fixed-rate permanent financing for rental projects of five or more units from \$100,000 loans to amounts of \$2 million. At least 20% of the units must be affordable to households earning less than 50% of median income or at least 40% of the units must be affordable to households earning less than 60% of median income or at least 50% of the units must be affordable to households earning less than 80% of median income. MHP also administers the Permanent Plus Program targeted to multi-family housing or SRO properties with five or more units where at least 20% of the units are affordable to households earning less than 50% of median income. The program combines MHP's permanent financing with a 0% deferred loan of up to \$40,000 per affordable unit up to a maximum of \$500,000 per project. No other subsidy funds are allowed in this program. The Bridge Financing Program offers bridge loans of up to eight years ranging from \$250,000 to \$5 million to projects involving Low Income Housing Tax Credits. Applicants should contact MHP directly to obtain additional information on the program and how to apply.

**9. *OneSource Program***

The Massachusetts Housing Investment Corporation (MHIC) is a private, non-profit corporation that since 1991 has provided financing for affordable housing developments and equity for projects that involve the federal Low Income Housing Tax Credit Program. MHIC raises money from area banks to fund its loan pool and invest in the tax credits. In order to qualify for MHIC's OneSource financing, the project must include a significant number of affordable units, such that 20% to 25% of the units are affordable to households earning within 80% of median income. Interest rates are typically one point over prime and there is a 1% commitment fee. MHIC loans range from \$250,000 to several million, with a minimum project size of six units. Financing can be used for both rental and homeownership projects,

for rehab and new construction, also covering acquisition costs with quick turn-around times for applications of less than a month (an appraisal is required). The MHIC and MHP work closely together to coordinate MHIC's construction financing with MHP's permanent take-out through the OneSource Program, making their forms compatible and utilizing the same attorneys to expedite and reduce costs associated with producing affordable housing.

**10. *Section 8 Rental Assistance***

An important low-income housing resource is the Section 8 Program that provides rental assistance to help low- and moderate-income households pay their rent. In addition to the federal Section 8 Program, the state also provides rental subsidies through the Massachusetts Rental Voucher Program as well as three smaller programs directed to those with special needs. These rental subsidy programs are administered by the state or through local housing authorities and regional non-profit housing organizations. Rent subsidies take two basic forms – either granted directly to tenants or committed to specific projects through special Project-based rental assistance. Most programs require households to pay a minimum percentage of their adjusted income (typically 30%) for housing (rent and utilities) with the government paying the difference between the household's contribution and the actual rent.

**11. *District Improvement Financing Program (DIF)***

The District Improvement Financing Program (DIF) is administered by the state's Office of Business Development to enable municipalities to finance public works and infrastructure by pledging future incremental taxes resulting from growth within a designated area to service financing obligations. This Program, in combination with others, can be helpful in developing or redeveloping target areas of a community, including the promotion of mixed-uses and smart growth. Municipalities submit a standard application and follow a prescribed application process directed by the Office of Business Development in coordination with the Economic Assistance Coordinating Council.

**12. *Urban Center Housing Tax Increment Financing Zone (UCH-TIF)***

The Urban Center Housing Tax Increment Financing Zone Program (UCH-TIF) is a relatively new state initiative designed to give cities and towns the ability to promote residential and commercial development in commercial centers through tax increment financing that provides a real estate tax exemption on all or part of the increased value (the "increment") of the improved real estate. The development must be primarily residential and this program can be combined with grants and loans from other local, state and federal development programs. An important purpose of the program is to increase the amount of affordable housing for households earning at or below 80% of area median income and requires that 25% of new housing to be built in the zone be affordable, although the Department of Housing and Community Development may approve a lesser percentage where necessary to insure financial feasibility. In order to take advantage of the program, a municipality needs to adopt a detailed UCH-TIF Plan and submit it to DHCD for approval.

**13. *Community Based Housing Program***

The Community Based Housing Program provides loans to nonprofit agencies for the development or redevelopment of integrated housing for people with disabilities in institutions or nursing facilities or at risk of institutionalization. The Program provides permanent, deferred payment loans for a term of 30 years, and CBH funds may cover up to 50% of a CHA unit's Total Development Costs up to a maximum of \$750,000 per project.

**14. *Compact Neighborhoods Program***



DHCD recently announced “Compact Neighborhoods” that provides additional incentives to municipalities that adopt zoning districts for working families of all incomes as well as smart growth development. Like 40R, the program requires new zoning that must:

- Allow a minimum number of “future zoned units” in the Compact Neighborhood, which is generally 1% of the year-round housing in the community;
- Allow one or more densities as-of-right in the zone of at least eight (8) units per acre on developable land for multi-family housing and at least four (4) units per acre for single-family use;
- Provide not less than 10% of units be affordable within projects of more than 12 units; and
- Not impose any restrictions to age or other occupancy limitations within the Compact Neighborhood zone although projects within the zone may be targeted to the elderly, persons with disabilities, etc.

Financial assistance through the Priority Development Fund is available to communities that are adopting Compact Neighborhoods zoning, giving priority to the creation of mixed-use development beyond the bounds of a single project. The state also promotes projects that meet the definition of smart growth under 40R, encourage housing that is priced to meet the needs of households across a broad range of incomes and needs.

The process for implementing a Compact Neighborhoods Zone includes:

- Identify an “as-of-right” base or overlay district (the Compact Neighborhood);
- Request and receive a Letter of Eligibility from DHCD; and
- Adopt the Compact Neighborhood Zoning.

#### **16. DHCD Project-Based Homeownership Program**

DHCD recently announced a first round of funding for its Project-Based Homeownership Program with two (2) funding categories:

- *Areas of Opportunity*  
Funds are being awarded for new construction of family housing projects for first-time homebuyers in neighborhoods or communities that provide access to opportunities that include but are not limited to jobs, transportation, education, and public amenities. The minimum project size is ten (10 units) for up to \$500,000 in funding for a single project and no more than \$75,000 per affordable unit. The maximum total development cost for affordable units is \$300,000 and the maximum developer overhead and fee is 15% of total development costs. Localities must provide matching funds at least equal to the amount of the DHCD subsidy request.
- *Gateway Cities*  
A limited amount of funding will be made available to Gateway Cities or other smaller communities with well-defined Neighborhood Redevelopment Plans for the acquisition and rehabilitation or new construction of single-family or duplex units or triple decker’s (rehab only). The development of single sites is preferred but scattered-site projects are permissible. The minimum project size is six (6 units) for up to \$500,000 in funding for a single project and no more than \$75,000 per affordable unit. The maximum total development cost for affordable



units is \$250,000 and the maximum developer overhead and fee is 15% of total development costs. Localities must provide matching funds at least equal to one-half the amount of the DHCD subsidy request.

Sponsors/developers must have hard letters of interest from construction lenders and mortgage loan originators, follow prescribed design/scope guidelines, submit sound market data at the time of pre-application, and have zoning approvals in place. Interested sponsors/developers must submit a pre-application for funding and following its review, DHCD review will invite certain sponsor/developers to submit full applications.

**17. National Housing Trust Fund (NHTF)**

The state has allocated \$3.4 million in Housing Trust Funds and 100 Massachusetts Rental Vouchers to help create supportive housing for vulnerable populations including homeless families and individuals, unaccompanied homeless youth, frail seniors with service needs, and individuals in recovery from substance abuse. This program is intended to provide supplemental support to the federal National Housing Trust Fund, a newly–authorized affordable housing program.

**18. Community Scale Housing Initiatives (CSHI)**

The state has introduced a new program to address the need for smaller scale affordable housing projects that are sized to fit well within the host community. The new initiative will provide \$10 million in funding for these projects based on the following eligibility criteria:

- Community must have a population not to exceed 200,000
- Program sponsors can be both non-profit and for-profit entities with a demonstrated ability to undertake the project
- The proposed project must include at least five rental units but no more than 20 rental units
- Project must involve new construction or adaptive reuse
- A minimum of 20% of the units must be affordable but it is anticipated that most proposed projects will have a minimum of 50% affordable units
- The host community must provide a financial commitment in support of the project
- The CSHI subsidy may not exceed \$200,000 per unit unless the developer intends to seek DHCD project-based rental assistance in which case the subsidy may not exceed \$150,000 per CSHI unit
- The total development cost per unit may not exceed \$350,000
- Projects will receive no more than is necessary to make the project feasible
- Projects must be financially feasible without state or federal low income housing tax credits
- Projects are expected to close and proceed to construction within 12 months of the date of the award letter

**19. Starter Home Program**

State legislation was recently enacted to implement a Starter Home Program as part of the Governor’s Economic Development Bill. This was accomplished by modifying the existing Smart Growth Zoning and Housing Production law of Chapter 40R to include \$25 million in new funding over five years for cities and towns that create new starter home zoning districts. The new districts will be a minimum of three acres, restrict primary dwelling size to 1,850 square feet of heated living area, require that 50% of the primary dwelling units contain three bedrooms, allow a minimum of four units per acre by right, and provide 20% affordability up to 100% AMI.

## **20. Workforce Housing Fund**

The state is investing in a Workforce Housing Fund to provide rental housing for those households earning 61% to 120% AMI. In his announcement, Governor Baker said, “Making more affordable housing options available to working Massachusetts families deterred by rising rent expenses is essential to economic growth and development in communities throughout the Commonwealth. These working middle-income families are the foundation of our economy and talented workforce, and the creation of this \$100 million fund by MassHousing will advance opportunities for them to thrive and prosper.”

The Workforce Housing Initiative was created to do the following:

- Target individuals and families with incomes of 61% to 120% of Area Median Income (AMI)
- Provide up to \$100,000 of subsidy per workforce housing unit to create 1,000 new units of workforce housing statewide
- Leverage strategic opportunities to use state-owned land
- Complement, does not replace, traditional MassHousing development financing
- Ensure workforce housing units are deed restricted as affordable for at least 30 years

Eligible projects include:

- Preference is for new units; existing projects where unrestricted units become restricted will be considered
- Workforce housing units are intended for working age household and may not be not be elderly restricted or occupied by full-time students
- 20% of units at the development must be affordable for households earning at or below 80% of AMI

## **21. Housing Choice Initiative**

The state has stated its commitment to producing 135,000 new housing units statewide by 2025 or by about 17,000 units per year, an ambitious task. To help accomplish this, it has created the Housing Choice Initiative that has three basic components that includes Capital Grant Funding. Communities that qualify for designation under this Initiative can receive exclusive admission to new Housing Choice Capital Grants as well as priority access to existing grant and capital funding programs such as MassWorks, Complete Streets, MassDOT projects, and LAND and PARC grants. To obtain this designation, the community must submit an application that documents the increase in the total year-round housing stock from the 2010 census and the cumulative net increase in year-round units from January 1, 2013 through December 31, 2017. Documentation will be based on building permit data coming from the Building Department. Grafton is applying for this designation.

## **22. Rental Assistance Demonstration (RAD)**

The Rental Assistance Demonstration is a federal housing program that is administered by HUD to provide a set of tools to address the unmet capital needs of deeply affordable, federally assisted rental housing properties in order to maintain both the viability of the properties and their long-term affordability. It also simplifies the administrative oversight of the properties by the federal government. Specifically, RAD authorizes the conversion of a property's federal funding from one form to another, where the initial form presents structural impediments to private capital investment and the new form (project-based section 8) is not only familiar to lenders and investors but, since its enactment in 1974,

has leveraged billions in private investment for the development and rehabilitation of deeply affordable rental housing.

**23. *Section 202 Supportive Housing for the Elderly Program***

HUD provides capital advances to finance the construction, rehabilitation or acquisition with or without rehabilitation of structures that will serve as supportive housing for older and very low-income persons, also providing rent subsidies for the projects to help make them affordable.

**24. *Section 18 Housing Assistance***

Section 18 of the U.S. Housing Act of 1937 (as amended in 1998) removes the 1 for 1 public housing replacement requirement and provides broad authority to Public Housing Agencies (PHAs) to demolish or dispose of public housing. Section 18 is commonly referred to as "demo/dispo" program and helps reposition public housing to a more sustainable financial platform and access private capital.

**C. Homebuyer Financing and Counseling**

**1. *ONE Mortgage Program***

The Massachusetts Housing Partnership Fund, in coordination with the state's Department of Housing and Community Development, has recently introduced the ONE Mortgage Program, a new simplified version of the successful Soft Second Loan Program, which from 1991 to 2013 helped over 17,000 families purchase their first home. Like the Soft Second Program, ONE features low, fixed-rate financing and state-backed reserve that relieves homebuyers of the cost of purchasing private mortgage insurance.

**2. *American Dream Downpayment Assistance Program***

The American Dream Downpayment Assistance Program is also awarded to municipalities or non-profit organizations on a competitive basis to help first-time homebuyers with down payments and closing costs. While the income requirements are the same as for the ONE Mortgage Program, the purchase price levels are higher based on the FHA mortgage limits. Deferred loans for the down payment and closing costs of up to 5% of the purchase price to a maximum of \$10,000 can be made at no interest and with a five-year term, to be forgiven after five years. Another loan can be made through the program to cover deleading in addition to the down payment and closing costs, but with a ten-year term instead, with at least 2.5% of the purchase price covering the down payment.

**3. *Homebuyer Counseling***

There are several programs, including the Soft Second Loan Program and MassHousing's Home Improvement Loan Program, as well as Chapter 40B homeownership projects, which require purchasers to attend homebuyer workshops sponsored by organizations that are approved by the state, Citizens Housing and Planning Association (CHAPA) and/or HUD as a condition of occupancy. These sessions provide first-time homebuyers with a wide range of important information on homeownership finance and requirements. The organizations that offer these workshops in closest proximity to Grafton include RCAP Solutions, SMOC, and NeighborWorks Homeownership Center of Worcester.

**4. *Self-Help Housing***

Self-Help programs involve sweat-equity by the homebuyer and volunteer labor of others to reduce construction costs. Some communities have donated building lots to Habitat for Humanity to construct affordable single housing units. Under the Habitat for Humanity program, homebuyers contribute between 300 and 500 hours of sweat equity while working with volunteers from the community to

construct the home. The homeowner finances the home with a 20-year loan at 0% interest. As funds are paid back to Habitat for Humanity, they are used to fund future projects.

#### **D. Home Improvement Financing**

##### ***1. MassHousing Home Improvement Loan Program (HLP)***

The MHFA Home Improvement Loan Program (HILP) is targeted to one- to four-unit, owner-occupied properties, including condominiums, with a minimum loan amount of \$10,000 up to a maximum of \$50,000. Loan terms range from five to 20 years based on the amount of the loan and the borrower's income and debt. MassHousing services the loans. Income limits are \$92,000 for households of one or two persons and \$104,000 for families of three or more persons. To apply for a loan, applicants must contact a participating lender.

##### ***2. Get the Lead Out Program***

MassHousing's Get the Lead Out Program offers 100% financing for lead paint removal on excellent terms that are based on ownership status and type of property. An owner-occupied, single-family home may be eligible to receive a 0% deferred payment loan up to \$20,000 that is due when the house is sold, transferred or refinanced. An owner-occupant of a two-family house could receive up to \$25,000 to conduct the de-leading work. Maximum income limits for owner-occupants are \$74,400 for one and two-person households and \$85,500 for three or more persons. Investor-owners can also participate in the program but receive a 5% fully amortizing loan to cover costs. Non-profit organizations that rent properties to income-eligible residents are also eligible for 0% fully amortizing loans that run from five to 20 years. Applicants must contact a local rehabilitation agency to apply for the loan.

##### ***3. Septic Repair Program***

Through a partnership with the Massachusetts Department of Environmental Protection and Revenue, MassHousing offers loans to repair or replace failed or inadequate septic systems for qualifying applicants. The interest rates vary according to the borrower's income with 0% loans available to one and two-person households earning up to \$23,000 and three or more person households earning up to \$26,000 annually. There are 3% loans available for those one or two person households earning up to \$46,000 and three or more persons earning up to \$52,000. Additionally, one to four-family dwellings and condominiums are eligible for loan amounts of up to \$25,000 and can be repaid in as little as three years or over a longer period of up to 20 years. To apply for a loan, applicants must contact a participating lender.

##### ***4. Home Modification Program***

This state-funded program provides financial and technical assistance to those who require modifications to their homes to make them handicapped accessible. The area's regional non-profit organization, Rural Housing Improvement/RCAP Solutions, administers these funds for the state.